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# City of Detroit

## CITY COUNCIL

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**TO:** The Honorable Detroit City Council

**FROM:** David Whitaker, Director  
Legislative Policy Division (LPD) Staff

**DATE:** May 11, 2016

**RE:** Great Lakes Water Authority (GLWA) and Detroit Water and  
Sewerage Department (DWSD) Issues

The Legislative Policy Division (LPD) was asked to address the impact of the launch of the Great Lakes Water Authority (GLWA) on the City. As LPD previously stated at the outset of the GLWA process in September 2014, the operational beginning of the GLWA in January 2016 as regional substitute for the Detroit Water and Sewerage Department (DWSD) system, in control of the region's water and sewer infrastructure, raises many complex issues.

LPD has previously reported on the progress of this negotiated bifurcation of DWSD and GLWA since its announcement in September 2014 arising out of the City's Chapter 9 bankruptcy case. A clear, public and transparent understanding of the political, economic, environmental, and social impact on the entire metropolitan Detroit region has been crippled by court-imposed confidentiality orders, as well as by the inherent complexities of these systems' physical components and somewhat convoluted governance issues.

LPD provides the following review of the current status of the newly bifurcated systems -- DWSD, as the retail supplier of water and sewer services in the City, and GLWA, as the new regional entity with overall responsibility for southeastern Michigan's water resources and infrastructure.

## Overview of Key Issues

The regionalization of DWSD's operations outside of the City limits raises issues that include affordability of DWSD's services; the quality of water supplies from the Great Lakes and the Detroit River and associated critical public health implications; the ever-escalating retail rates and fee-setting structure among wholesale customer communities of southeastern Michigan, as well as retail customer residents in the City; the costs and effects of chemicals, energy and materials and equipment needed to operate the sprawling system; the aging infrastructure<sup>1</sup>; the legal and political issues surrounding governance, including a long history of federal litigation; burdens and benefits of contracting, employment and their associated regional economic impacts. These concerns have not lessened over the past two years, particularly with respect to affordability and infrastructure issues.

The above list of key issues is not all inclusive. LPD reiterates that in order to have a full, understanding of the current status of the system,<sup>2</sup> key issues, and likely future prospects for the GLWA and DWSD, Council should schedule a full discussion with DWSD Director Gary Brown, representatives of the DWSD board, the GLWA board, and its management team to provide the best information available to City Council and the general public.

A discussion of several of the most currently relevant issues to the City follows.

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<sup>1</sup> The implications of issues like chemical treatment of water and aging infrastructure have become much more widely appreciated since LPD's September 2014 report was written, due to the mass water poisoning tragedy in Flint. Although discussion of those events is beyond the scope of this report, and they are certainly not the responsibility of either DWSD or GLWA, the context of local governments in southeast Michigan creating new authorities as entities with responsibility for water and sewer infrastructure and provision should be noted, in order to frame a full understanding of the key issues. The need for capital outlays for necessary infrastructure improvements must also be considered.

Similarly, although of broad scope, the common historical root causes of both the genesis of the GLWA process and the current fierce debates around Detroit Public Schools over state and regional arrangements for public education should be noted. *See, e.g., Milliken v Bradley*, 418 U.S. 717 (1974) (City schools cut off from desegregation and equitable state funding, paralleling similar treatment of water and sewer systems). A recent article in *Bridge Magazine* recounts that history: <http://bridgemi.com/2016/02/detroits-school-crisis-is-a-century-in-the-making/> (accessed on February 25, 2016). One must ask where the fundamental rights and interests of residents of communities like Detroit are effectively addressed in the policy-making process. Thus far, there has been a lack of transparency regarding the answer to this basic question surrounding the GLWA.

<sup>2</sup> For example, the February 24, 2016 General Counsel's report by GLWA's staff attorney states that an appeal filed by the City in the long-running water department litigation has been dismissed: "The City has withdrawn its appeal in this matter and the case is now closed." (attached) Council may wish to ask Corporation Counsel when that occurred, by whose authority, and the rationale and implications of the decision. LPD lacks knowledge of these issues.

## Water Affordability

The issue of the affordability of water service for Detroit residents remains among the most prominent concerns relative to the management of water resources in the city. City Council was provided with the final draft report of the Blue Ribbon Panel on Affordability (BRPA). However, rather than address implementation of an income-based affordability rate structure, akin to the model envisioned by Roger Colton (Council's representative to the BRPA) and adopted by City Council more than a decade ago, the report continues to promote the proposed Water Residential Assistance Program (WRAP) for the near future and an "increasing block rate" structure, which it states cannot be implemented for at least two years. In the meantime, shutoffs have resumed.<sup>3</sup> As it was Mr. Colton's model, proposed to City Council more than a decade ago, that was the driving narrative behind the Blue Ribbon Panel's work, Council may wish to hear directly from Mr. Colton, as its representative on the BRPA. Two additional years of inadequate response to the needs of our city's most vulnerable residents is not a workable solution.

Although the BRPA was unable to find a workable solution, it has recently been brought to the attention of LPD that the United States Environmental Protection Agency (EPA) released a new nationwide study of "Drinking Water and Wastewater Utility Customer Assistance Plans", dated April 2016.<sup>4</sup> Of particular interest, regarding the long running public debate in Detroit over the permissible scope of a water affordability plan, basing rates on individual customers' ability to pay, are the following statements/findings in the report:

- Utilities have been developing household affordability programs that focus on an individual customer's ability to pay for drinking water and wastewater services. (Page ii, Director Andrew Sawyers' Preface)
- **"Drinking water and wastewater utilities across the country are changing the way they do business to help all members of their communities maintain access to vital drinking water and wastewater services, while also protecting the utilities' bottom lines.** In every community across the country, there are some customers that will have difficulty paying their water bills. ... In response, a number of water and wastewater utilities have developed customer assistance programs (CAPs) that use bill discounts, **special rate structures**, and other means as an approach to help financially constrained

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<sup>3</sup> The report describes Detroit's retail water and sewer service customers as the "poorest" big-city population in the nation, and blames this economic reality for historically "abysmal collection rates". The "Blue Ribbon" panel met a few times over a period of several months, but came away with no immediate solution or plan – or even any discernable, concrete policy direction – to address the very real and acute problem of mass water shut offs associated with inability to pay continually rising rates. This is obviously not a satisfactory conclusion. To conclude in effect that we simply have "too many poor people" in the City, whose needs are "too great", and allow this pessimism to foster protracted paralysis over a projected period of two years or more, while thousands of Detroiters are routinely deprived of access to potable water all that time, is simply unacceptable.

<sup>4</sup> The full 195-page report can be obtained at: <https://www.epa.gov/waterfinancecenter/compendium-drinking-water-and-wastewater-customer-assistance-programs> (or from LPD upon request). Relevant excerpts are attached.

customers maintain access to drinking water and wastewater services...” (Page 1, Introduction) (emphasis added)

- “...a water service customer facing disconnection also faces immediate health and safety threats. Therefore, water utilities across the United States have demonstrated a commitment to helping low income customers and customers in crisis delay and avoid disconnection. Many communities have decided that each resident should have the same access to clean and safe water that everyone else in the community enjoys, even if paying for the service is beyond their immediate means. It is water’s special status as essential to public health that makes ensuring access more than a charitable cause.” (Page 3)
- “Income is the most common criterion used to determine rate assistance eligibility. **Some utilities offer a discounted rate for customers whose income is below a specified threshold.**” (Page 6) (emphasis added)
- “Utilities offer a variety of assistance programs to meet the needs of their customers. ... Common program types include: Bill Discount — Utilities reduce a customer’s bill, usually long-term. Can be applied to nearly any type of rate structure or aspect of the bill (e.g., variable rate structure, fixed service charge, and volumetric charge). Also known as **write-off, reduced fixed fee.** (Page 7) (emphasis in original)
- Under a “Lifeline Rate — Customers pay a subsidized rate for a fixed amount of water, which is expected to cover that customer’s basic water needs. When water use exceeds the initial fixed amount of water (i.e., the lifeline block), the rates increase. Also known as **minimum bill, low-income rate structure, single tariff, water budget.** (Page 7) (emphasis in original)
- Seattle, Washington’s water utility “offers its drinking water and sewer customers a bill discount of 50 percent if their household income is at or below 70 percent of the state median household income.” (Page 9)
- “...the Los Angeles Department of Water and Power offers eligible low-income households a 31 percent reduction in water and sewer rates for the first 1,800 cubic feet of water used in every 2-month billing cycle.” (Page 11)
- “The municipally owned drinking water and sewer utility in the college town of **Norman, Oklahoma**, provides low-income households a special rate structure for the first 5,000 gallons of drinking water they use; beyond 5,000 gallons the standard rate applies.” (Page 11)

The problem of water affordability is a growing, nationwide phenomenon in urgent need of solution -- as is ever more apparent. Participants in Detroit’s water affordability discussions virtually all agree that there can be no “one-size-fits-all” solution to the City’s water affordability challenges. Council Members familiar with previous discussions, reports, protests, and media attention targeting DWSD’s water shut-offs will recognize the distinctly different tone of the new EPA report versus DWSD’s steadfast conclusion that income-based rate structures are

illegal *per se* (or as noted by the Blue Ribbon Panel, that the risk of litigation is too high). Again, in the context of the newly released EPA report, it would be interesting to hear directly from Mr. Colton, the City's affordability expert.

### **Maintaining Infrastructure and Water Quality**

One of the most central issues is what the BRPA refers to as the "affordability dichotomy", the rising rates for water and sewer services beyond the ability of the poorest consumers to pay, compared with the reality, so dramatically demonstrated by recent events in Flint, that these systems require substantial, dedicated funding to be maintained. As previously stated by Deputy Mayor O'Cleireacain, "Clean water is both expensive and non-negotiable."

The Mayor's original September 2014 presentation of the GLWA emphasized availability of the \$50 million annual lease payment to maintain the City's aging water and sewer pipes. Since that time, these funds have presumably been allocated to hold the line against even greater rate increases beyond those approved in summer 2015. How these costs and environmental necessities will be paid for in the future is, of course, a continuing key issue, perhaps the most essential one for City Council. LPD believes that this should be a major focus of any discussion scheduled.

### **Environmental Quality and Public Health**

The appropriate role of the state Department of Environmental Quality (DEQ), the federal Environmental Protection Agency (EPA), and other regulators (including the City's Health Department) raises numerous scientific and public health issues that are beyond the scope of this report, but which should be acknowledged. EPA recently sent the GLWA correspondence (part of the GLWA CEO's attached February 2016 report) announcing an upcoming performance audit. Such state and federal regulatory compliance issues will continue to be important issues in the growth and development of the GLWA.

### **Regionalism**

The practical realities of this general issue in the context of GLWA are considered in great detail in the attached excerpts from the Philip D'Anieri's doctoral dissertation, discussed in some detail below. LPD understands that an examination of the nature of "regional" governance of our water and sewer systems, alone, if explored in depth, could well consume another lengthy report. But in the interest of brevity, we note that the continuing relevance and development of regionalism as a concept clearly is at the heart of policy decisions currently being made as part of the GLWA process.

### **Debt and Rates**

A technically complex aspect of the overall affordability issue and "dichotomy", as briefly discussed above, includes the substantial debt burden that makes up almost half of the water and sewer system's budget, and the likely need for further bonding to help meet the above-noted critical infrastructure funding needs. As of February 24, 2016, GLWA CEO McCormick

reported that recent credit rating upgrades are “just the first of many GLWA benefits to come for the region.” (See attached.) There is no reason to question that assessment; the **effects of this on the City** as part of the region, on the other hand, are discussed throughout this report and present a more challenging issue.

### **Council Authority over DWSD**

The Detroit City Charter and the City Code provide the following bases for City Council’s authority to approve budget, contracts, and all other significant financial decision-making by DWSD.

*Section 4-112 of the City Charter* states, “Except as otherwise provided by this Charter, the City may not sell or in any way dispose of any property without the approval by resolution of the City Council.” To the extent the extensive facilities, infrastructure and operations of DWSD involve sale or disposition “in any way” of “any property” (*e.g.*, an easement for water or sewer infrastructure), Council approval is required.

*Section 4-122 of the City Charter* states, “The City may not purchase or in any way procure property or the services of independent contractors without approval by resolution of the City Council except as provided by ordinance.” This seems to indicate that DWSD would have no basis for proceeding in any way involving procurement of property or services without Council approval.

*Section 9-507 of the City Charter* states, “Any agency of the City may, with the approval of the City Council, charge ... for any service provided, by an agency.” This section, therefore, authorizes water and sewer rates charged “with the approval of the City Council”.

*Section 18-5-21(a) of the City Code* (“Approval of Contracts ... for Detroit Water and Sewerage Department”) states, “The following contracts and amendments thereto shall not be entered into without city council approval; goods and services over the value of twenty-five thousand dollars (\$25,000.00); all contracts for personal services, regardless of the dollar value; all grant-funded contracts; all revenue contracts, regardless of dollar value, including contracts for services rendered by the city, its departments and agencies; and all purchases and sales of and other transfers of interest in municipal land.”

*Section 18-5-27 of the City Code* states, “The director of the water and sewerage department shall furnish the city council with such information as it may request regarding all contracts and amendments thereto involving the department and the expenditure of city funds.” If City Council requests DWSD budget information, this section requires the Director of DWSD to provide it; it does not expressly state that Council’s approval is required, although it is implied.

*Section 56-3-12(c) of the City Code* states that sewerage service rates “...shall be approved by the city council in accordance with state and local law.”

On February 12, 2016, at the request of the Council President, LPD provided a report regarding Council's approval authority over DWSD contracts. That report includes the following statements:

- "To LPD's understanding, what may be considered to be DWSD's "retail contracts" are approved by City Council when Detroit retail water and sewer rates are approved, as they were in the summer of 2015."
- "LPD is not aware of any reason why City Council approval would not be required for the DWSD budget."

As noted above, LPD's ability to reach definitive conclusions on these issues is seriously handicapped by the imposition of confidentiality orders on the mediation process, and lack of involvement in the long running DWSD litigation, wherein Judge Cox (in his capacity as the presiding U.S. District Judge, rather than the mediator), entered orders that are summarized more specifically in the February 12, 2016 report, limiting Council's approval authority over smaller DWSD contracts. As LPD stated in the February report, "LPD would defer to the Law Department's presumably superior access to information, and the Charter determination of their authoritative determination of legal issues at Section 7.5-201, in this regard."

### **The Role of the State and Federal Governments**

Additional financial resources are among the most crucial factors for success of DWSD, GLWA and the system bifurcation. The GLWA bifurcation was funded at \$10 million, as of January 15, 2016 (see, attached memo of GLWA Finance Director Michael Huber). The state's \$3.8 million grant to "stand up" the GLWA will, ideally, be only an initial investment, to be followed by significant federal and state funding to enable the regional water and sewer systems to meet their myriad obligations, and hopefully optimize affordability of their services for those most in need. Recently, there has been significant discussion in Congress of federal funding to address the lead poisoning of Flint, as a bipartisan group of senators approved a "\$220 million package to fix and replace the city's lead-contaminated pipes, make other infrastructure improvements and bolster lead-prevention programs nationwide."<sup>5</sup> These issues should also be explored as part of a full discussion of issues involving GLWA and DWSD.

### **Emergency Management**

In a general sense, ever since U.S. District Court Judge John Feikens' appointment of Mayor Coleman Young as special administrator of DWSD over 40 years ago, the regional water and sewer systems have been the object of various forms of what Michigan has recently come to call "emergency management" – the appointment of a single, empowered executive, whether a Mayor or an EM - to enforce budget discipline, regardless of any countervailing requirements of local ordinances and policies. The GLWA's future course may serve as another referendum on such technocratic, but in practice, often politically charged governance policies.

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<sup>5</sup> <http://www.crainsdetroit.com/article/20160225/NEWS01/160229871/cruz-lifts-hold-on-senate-bill-to-address-flint-water-crisis> (accessed on February 26, 2016).

LPD's conclusion from its September 2014 report on the GLWA remains relevant: "The creation of the regional Great Lakes Water Authority has been a long-anticipated outcome of the bankruptcy case, and has been described as both inevitable and desirable from a policy perspective. Those favoring such regionalization have long argued that DWSD has been plagued by mismanagement and even corruption, and that cost savings, efficiencies and improved public health, environmental protection and water quality will flow from a regional entity. In the context of the ongoing bankruptcy proceeding, disposition of DWSD's assets has been a long-sought and especially problematic goal that will now be achieved, and is being portrayed as a triumph of regionalism."

As LPD noted earlier, the opposing view is that the move to "regionalization" tends more toward using the greater political and economic power of wealthier suburban interests to wrest away Detroit's greatest asset for private profit, than an equitable reordering of an unwieldy system. Arguably, allegations of mismanagement at DWSD have been strategically exaggerated for that purpose, the actual terms of regionalization will be inequitable toward the City, and any efficiency or operational gains from a regional takeover will not materialize, especially if the real objective is privatization.

Additional, and very instructional, perspective on regionalization and the policy issues relative to the development of GLWA and DWSD are found in a 2007 University of Michigan Ph.D. dissertation by Philip D'Anieri, entitled "*Regional Reform in Historic Perspective: Metropolitan Planning Institutions in Detroit, 1950-1990*". Copies of the most relevant excerpts – the introduction, the chapter on the water and sewer system, and the conclusion – are attached. The entire dissertation (which also discusses local government reform, mass transit and road funding as examples of regional issues) is available from LPD upon request.

The D'Anieri dissertation makes several salient points about the growth and evolution of the regional water and sewer system in the second half of the last century that lend to a fuller understanding of the GLWA:

- "In Detroit, a recurring cast of characters—the city and suburban political leadership, the regional business community, and the state and federal governments—negotiated among themselves to design the institutions that facilitated sprawl<sup>6</sup> and to this day govern and plan the metropolis."

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<sup>6</sup> The implications of such "sprawl" for the City are accurately summarized as follows: "In the Detroit region, a rapid and unequal decentralization of the urban population created a metropolis with **wide disparities—in urban and suburban wealth and in black and white economic well-being. One of the defining features of urban sprawl is the wide gap it creates between the haves and have-nots of the metropolitan region. On any number of measures ... Detroit has experienced this facet of sprawl to an extraordinary degree.**" (p. 6) (emphasis added) Mr. D'Anieri's dissertation focuses on "sprawl" because it is in the discipline of urban and regional planning, where that is a salient topic; the above inherent aspects of regional "sprawl" are significant to quality of life in the urban core. The further implications of all this for the regional water and sewer system have been crucial – albeit rarely acknowledged openly – in the background and development of the GLWA, and in previous of regionalizing DWSD's core institutional mission on a practical and partial basis, as more fully discussed in Mr. D'Anieri's dissertation.



- The study cites Robert C. Wood's New York research-based description of a type of regional enterprise optimized by multiple local political systems, with local government officials assembling a patchwork of authorities, which fits large regional agencies like GLWA, functioning primarily to aid and abet corporate-driven economic growth and regional expansions, "without much regard to who, if anyone, was shortchanged in this process". (p. 16) Such disregard has been especially notable where the systematically shortchanged group are residents of the urban core community.
- For the better part of the past century and more, Detroit has been indebted very significantly by the costs of investing in water and sewer infrastructure for the benefit of the outer geographical communities in the DWSD (now GLWA) service area.

This is the crucial political and socioeconomic "back story" animating the GLWA. In the context of Detroit's population loss, the state's overall legislative power as well as the federal court's longstanding oversight of the systems, suburban growth and related demographic realities – including race and other City/suburban dynamics – all continue to impose substantial, uncompensated and disproportionate financial burdens on the urban core, setting the stage for what has become the GLWA.

The dissertation further explains the long-term failure to achieve regional equity represented by the GLWA in its fiscal history and context with Detroit's bankruptcy:

- "After Coleman Young took office in 1974, the suburbs repeatedly accused Detroit of illegally overcharging them for water; those claims led to two lawsuits, neither one successful, and a new state law that imposed a more strict system of price regulation on the city." (p. 89)
- Today under the GLWA, it is still true that the "... mandate of cheap water readily available to serve development at the metropolitan fringe guided the decision making process. ... [T]he requirement that the city provide as much water as needed at a reasonable price was written directly into the agreement[s] ... with Wayne County [and other wholesale regional customers]." (p. 75)

After subsequently reading Mr. D'Anieri's dissertation on these issues, LPD would further note that the \$50 million lease payment by GLWA represents the latest version of an assumed pay off to the City for accommodating the regional takeover. Without doubt, the GLWA/DWSD relationship is rife with potential for a fascinating academic analysis. Its future functionality for the City's residents and businesses, despite its many shortcomings, will be closely watched.

If the Council has additional questions or concerns regarding this matter, LPD would be pleased to provide further research and analysis.



## **GREAT LAKES WATER AUTHORITY**

February 24, 2016

The Honorable  
Board of Directors  
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

**Regarding: CEO's Report – February, 2016**

Many would find it hard to believe that it has been less than 60 days since GLWA assumed responsibility for operating the regional water supply and wastewater disposal system from the City of Detroit. So much has happened that I thought it would be worth taking a moment to recap and highlight just a few of GLWA's initial achievements:

I start my report this month by recapping the positive credit rating agency response over the last three months to the GLWA stand up. GLWA's assumed debt was confirmed\*\* as investment grade by Standard & Poor's and Fitch in December 2015. This month we experienced a two-step upgrade from Moody's. This means that our bonds are now rated as investment grade by all three rating agencies. This would not have occurred without the leadership shown by this Board to navigate through a complex transaction and stand-up of one of the nation's largest water utilities as an independent regional authority within the span of twelve months. This is truly remarkable. I'm quite sure this early, credit positive recognition is just the first of many GLWA benefits to come for the region.

I am also pleased to report that our Bio-Solids Dryer Facility has completed its throughput testing and has begun full time operations under the Interim Operating Agreement that we discussed with you at the February 10<sup>th</sup> Workshop Meeting. Bringing this facility on-line is an important step forward for our wastewater operations and provides another meaningful environmentally friendly alternative to incineration for sludge disposal. As you might expect, there will be additional challenges as we continue to move forward with this facility, but this is a pivotal step in the process.

Last Friday, GLWA Treasurer/CFO Nicolette Bateson briefed your Audit Committee on our progress launching Phase 1 of our Enterprise Financial System. The Financial Services Group has been working steadfastly with our vendor, BS&A to have this system up and running by March 1, 2016. This has been a challenging process, and details of some of the steps the team has completed are detailed in the Financial Services Group portion of my report. However, all-in-all, with less than two (2) weeks remaining before the March 1 date, I am pleased to report that pilot testing has gone well, and we continue to be on target for our March 1 launch.



Last week we successfully processed our first Purchase Order using BS&A software, and this week we are pilot testing our check writing module. All in all, the BS&A system used with the Procurement Policy you have adopted, promises to make Great Lakes procurement a transparent, simpler and more customer friendly process for both our internal and external customers.

Any discussion about the last 60 days would not be complete if I did not mention the controversy surrounding Flint's water quality. Like you, my heart goes out to the people of Flint. I have also heard from several of our customers about the concerns the tragic circumstance in Flint has raised in their communities with their customers. As the Water Quality presentation was presented to you today, we are prepared to offer assistance to our customers on this topic, but let's be clear on the bottom line: GLWA produces among the best tasting water in this nation, and more importantly complies with all applicable safe drinking water quality standards. GLWA remains committed to meeting both the letter as well as the intent of the laws and regulations.

I am pleased to report that this past weekend, Administration and General Counsel's staff relocated from the 5<sup>th</sup> and 7<sup>th</sup> floors respectively to the 19<sup>th</sup> floor of the Main Office Building, making way for DWSD to utilize those floors as we continue to implement the shared space plan for this building. There is still work to be done on the 19<sup>th</sup> floor, but the great news is our operations have not missed a beat during this move. I want to thank the men and women of the GLWA who have worked long and hard to make this move a success, including members of our IT and Facilities teams.

In another bit of news to celebrate in our first 60 days, I am pleased to report that last month, the GLWA's IT Service Desk was awarded the **HDI Team Certified Award**. The HDI Team Certified Award is an annual award given by the Help Desk Institute, which recognizes that at least 80% of the organization's Service Desk team possess an active HDI certification. Over 80% of GLWA's IT Service Desk hold HDI certifications as follows: HDI Support Center Manager: Daniella Okike; HDI Support Center Team Lead: Lahai Charles and Shamsur Chowdhury, HDI Desktop Support Technician: Dennis Clifton, Alan John, Yvonne Knowlton, Tarek Malek and Kevin Murphy, HDI Support Center Analyst: Frank Travis and HDI Customer Service Representative: Harry Bullard. These certifications are a positive indication of the capability of GLWA Service Desk Staff and their commitment to supporting their GLWA customers. Congratulations!

## **PLANNING SERVICES**

### ***Asset Management and CIP Group***

In the month of February, we kicked off our new Asset Management (AM) and Capital Improvement Plan (CIP) Customer Outreach workgroup, which was well attended. A presentation of where we are with our Work and Asset Management (WAM) program and Asset Management implementation were presented. Additionally we received many comments from community customers regarding how they want to engage in the AM and CIP process going forward. This workgroup plans to meet monthly. Review of the development and progress of the CIP will be a standing agenda item for this work group.



### **PLANNING SERVICES** (continued)

A solicitation for the CIP Program Management services is ongoing. Documents are in the preparation stage.

Monthly reports on the progress of the CIP will be presented to the Board or Board committees starting in March.

The recruitment for Group leadership is in process.

#### ***Systems Planning Group***

The Wastewater Master Plan steering team continues to meet. This month the meeting centered around a presentation by MDEQ representatives on their thoughts on long term improvements, and the group continued work on the solicitation document for the Plan development. It is expected that the solicitation will be advertised in March.

One of our long-standing work groups has been renamed and its scope broadened. Formerly known as the Flow Metering Task Force, the Wastewater Analytics Task Force will now take up matters in addition to flow metering such as is done by the Water Analytical Work Group. Presently this includes an effort of sampling and analysis of sewage flows to better refine the strength of the flow for the purposes of the wastewater shares update.

A working team of the Counties and non-master metered wastewater customers and their consultants are scoping the work necessary for the update to the wastewater share calculations. This will include flow analysis as well as inclusion of strength of flow data from the sampling and analysis effort.

A Water Units of Service subcommittee has been formed as was prescribed in the Water and Sewer Services Agreement. This subcommittee will oversee the production of a group of studies performed by an independent party that verify and/or redevelops water units of service for non-master metered water customers, audit the master metered customers and perform an in-depth system water audit that will focus on quantification of non-revenue water. A solicitation document continues to be developed and it is expected that advertisement for the independent analysis will occur in March.

Staff continues to work actively with three (3) prospective water customers. Consideration is being given to the manner in which we approach marketing to new customers to join the system.

#### ***System Analytics Group***

With the bifurcation of staff complete, the wholesale meter operations element of what was DWSD Customer Service previously, has been folded into the System Analytics Group. This group is now called System Analytics and Meter Operations. Mr. Chandan Sood has been selected as the Manager of this group, and has taken a lead role in the project management of the Water Units of Service Study and the Wastewater Analytics Task Force Customer Outreach Group.



### **PLANNING SERVICES** (continued)

Recruitment of staffing for this group continues with the next emphasis to be selection of engineers with significant water and wastewater system modeling experience.

#### ***Energy Management***

The Energy Management Leadership Team, led by Ms. Linda Rasor, our Certified Energy Manager, continues to have monthly meetings to discuss energy savings projects.

The WE CARE program (Water Employees Care About Reducing Energy) continues to be rolled out to employees.

A representative from USEPA Region V contacted DWSD, and a meeting with both GLWA and DWSD was held to discuss energy savings opportunities. There are many opportunities for EPA and the Department of Energy to assist in this regard. Among these opportunities, performing energy audits and consultation on the content of our Energy Management Program were discussed in detail. These discussions will continue with a focus on performance of energy audits.

Transfer of utility bills from DWSD to GLWA for regional facilities continues.

Two significant energy projects are in the scoping phase. One includes a lighting fixture upgrade of both water and wastewater facilities, and another includes an upgrade to a water pumping station to increase energy efficiency.

### **WATER OPERATIONS**

On February 2, Basin #4 was isolated at the Springwells (SPW) Water Treatment Plant by Maintenance Team Leader, Karone Law and his team. This operation was done to prepare the basin for cleaning and was isolated by lowering a 16-ton gate at the influent and effluent areas of the basin. The caution and safety practices of the maintenance crew helped to ensure that the moving of these gates were performed in a safe and efficient manner. The current basin cleaning work at Springwells is a new process that keeps the sludge from being flushed to the Wastewater Treatment Plant (WWTP). Based on agreement with MDEQ this will minimize potential consequences of treating the sludge at the WWTP and further assure the WWTPs efforts to maintain compliance with their National Pollutant Discharge Elimination System (NPDES) Permit.

On February 6, several Water Supply Operations electricians across several facilities came together at the Northeast (NE) Water Treatment Plant to complete preventative maintenance on the pumping units for High Lift #19 and #20. This was a genuine illustration of the group's efforts to foster a culture of teamwork via consistent teambuilding efforts.

A tour was conducted at the Water Works Park (WWP) Pilot Plant for a group of Wayne State University investigators. The purpose of the visit was to introduce the investigators to the equipment and resources available at the pilot plant in order to identify specific research applications and potential collaborations using the pilot plant to advance emergent water research.



## **WATER OPERATIONS** (continued)

### ***Field Services***

#### **Capital Improvement Projects in Construction**

- GLWA Contract Number WS-681 – 42" Water Main along 24 Mile Road from Romeo Plank to Rochester has 99% of total water main work complete. Approximately 25% of the restoration work remains for completion in the spring once the asphalt plants open, and restoration after that. To date, the percent of time elapsed is 67%, and the percent of monies expended is 87%. There are no change orders to date.
- Contract No. WS-684A, 36" Transmission Main Replacement along Telegraph Road has been re-bid, Ric-Man Contracting has been recently approved by the Board. Construction is expected to start in late spring.
- GLWA MOU 4848 – Wick Road Phase I – 4,000 feet of 48-inch water main along Wick Road is expected to begin in six (6) weeks.

#### **Damage Prevention Services**

- In the first two weeks of February, GLWA has responded to 970 requests for onsite marking for the location of GLWA sewer or water assets through the MISS DIGG one call system. Working in collaboration with the DWSD damage prevention department, GLWA has created a set of GIS shape files of the GLWA assets inside the service area, and uploaded them to the MISS DIGG mapping system to reduce the number of service tickets being received by GLWA that are within our service district, but are not affecting our utilities
- The GLWA permit team continues to respond to utility information requests. GLWA is working with the applicants to ensure their plans meet the GLWA requirements, and are coordinating inspection of their construction activities when the projects go to construction in the future.

## **WASTEWATER OPERATIONS**

As reported last week, the Biosolids Drying Facility tested all four (4) trains for sulfur dioxide (SO<sub>2</sub>) on February 2<sup>nd</sup> and 3<sup>rd</sup>. Trains 3 and 4 had sampling runs that exceeded the permit limit for SO<sub>2</sub>. A meeting with MDEQ was requested and held on Feb. 12 at the Detroit MDEQ office. The verified stack test values were shared with MDEQ along with a compliance plan. The MDEQ recommended that in light of the concerns regarding SO<sub>2</sub> emissions in the area and that in order to demonstrate how much SO<sub>2</sub> the dryers were emitting during operations that CEMs (Continuous Emissions Monitors) for SO<sub>2</sub> be installed. Having actual operational data would enable better decision making going forward. MDEQ also stated that once they received and reviewed the stack test report, which is required to be submitted within 30 days of the stack test, they would be required to issue a Notice of Violation based upon the non-compliant test results. When asked if it would be appropriate to submit the compliance plan with the stack test report, MDEQ responded this would be proactive and may allow issuance of the NOV without a response requirement. The MDEQ would then follow the design and construction progress through monthly reports that were offered and inspection visits. Any decision on additional NOV's or escalated enforcement would be based on the performance during the period before scrubber enhancement is completed.



### **WASTEWATER OPERATIONS** (continued)

The Environmental Protection Agency (EPA) Region V notified the WWTP in a letter received on February 9, 2016, that EPA in coordination with MDEQ would be conducting a Performance Audit Inspection (PAI) focused on the facilities and activities at the Analytical and Operations Laboratories. The PAI will be the second or third week of March, it is assumed that the date will be finalized sometime this week. The EPA requested digital copies of specific documents. Staff has started assembling the requested documents. (A .pdf of the letter is attached to this report).

The average Biosolids disposal for the month of January 2016 was 298 Dry Ton (DT)/day; during which time the average inventory was 589 DT well below the permit limit of 750 DT. The January incoming solid loading was 356 DT/day. The February incoming solids loading to February 16<sup>th</sup> has been 343 DT/day reflecting the drier, colder weather. (Please see attached graph).

There was a water main leak outside the Wastewater Plant near the Administration Building. The leak was successfully mitigated. No operations were affected by the leak or repairs.

### **FINANCIAL SERVICES GROUP**

#### ***Financial System Implementation Team***

The GLWA staff and financial system vendor, BS&A, are working steadfastly to launch the financial system Phase I in March 2016. This coincides with the City's progressive shutdown of the DRMS modules as they move forward on the launch of Oracle Cloud at the same time. The GLWA Procurement Team is two weeks ahead of schedule and began a soft launch this past week. With this new system comes a number of process improvements and simplifications which advances our transformation efforts. This has been no small task as shown by some of the data points below – all performed by in-house staff.

- Inventory item master data cleansing and purchase order validation: 10,000 items
- Number of Purchase Orders transferred/entered (primarily this past week):
  - 100+ requisitions and purchase orders entered
  - 250+ contracts entered
  - 720+ vendors entered
- Assets in Oracle WAM (work order and asset management) that were assigned to GLWA/DWSD: 400,000
- General ledger accounts regrouped and renumbered: Remapping approx. 6,000 accounts from Oracle DRMS to approximately half that amount

Phase II planning is underway which will modify the existing Oracle WAM into a two-plant configuration (one for GLWA and the other for DWSD). The approach is that DWSD will proceed first with Oracle WAM and Cloud. Once that tested and accepted, then we will proceed with Oracle WAM and BS&A testing and implementation. It is expected that all systems will be operating in June 2016. The parties are working together to minimize that timeframe as there are some cost and inefficiencies incurred, yet those are acceptable trade-offs to endure that the Oracle two-plant configuration is rolled out successfully.



## **FINANCIAL SERVICES GROUP** (continued)

### ***Other Financial Services Group Activities***

#### ***Audit***

The GLWA staff is the lead for closing the books for FY 2015 audit for the DWSD. As we are preparing the final entries, the City is shutting Oracle DRMS to launch Oracle fusion. This provides additional challenges to meet the March 31, 2016 financial statement report date.

#### ***Budget***

The new GLWA budget team is working through a previously unprecedented level of detail that aligns with budget analysis to date, and is consistent with the revenue requirement cap. Many of the budget managers are also new, so there is a lot of learning occurring as well as fresh eyes to identify a number of cost containment opportunities and business process improvements.

#### ***GLWA/DWSDR Standup & Shared Services Implementation***

The former Planning Implementation Team (PIT) members have been primarily reassigned specific duties to effectuate stand-up and new technology rollout. This team is now onboarding new resources to work with DWSD and GLWA operations and administration to assess the state of standup, and develop the work plan with a goal of achieving a steady state by the end of June 2016. This timeline is consistent with our expectations and priorities.

## **INFORMATION TECHNOLOGY**

### ***Applications Delivery Update:***

The City of Detroit is moving to a new ERP platform on March 7<sup>th</sup> and adopting a new chart of accounts format. In support of that project, GLWA IT will be providing migration support and a new integration with WAM for DWSD. However, once Oracle Cloud is live, WAM will no longer be integrated with a financial system for GLWA until a new WAM upgrade and "multi-plant" configuration can be implemented. This "multi-plant" upgrade is currently scheduled to occur between May 1<sup>st</sup> and July 1<sup>st</sup>.

Working in collaboration with BS&A, ITS and Business Teams, BS&A financial software was installed for 56 users as well as in the training facilities at Water Board and the Wastewater Treatment Plant. Additionally, a BS&A update was installed containing the GLWA customizations for Suburban Billing. The BS&A financials project is still on target for a March 1<sup>st</sup> launch.

### ***IT Risk and Security Update***

The GLWA IT Security and Risk Management team is working with the City of Detroit IT Cyber Security team to coordinate cyber security planning and incident response plans. This is essential, as the GLWA and City of Detroit share the same network, and having a common response plan in place will help both entities stay secure.





### **INFORMATION TECHNOLOGY** (continued)

The GLWA IT Security and Risk Management team is partnering with ATT to develop an enhanced cyber security monitoring program, which will include automated, centralized management and alerting, along with a cyber security incident response program. The automation will be handled via the ATT-managed Security Event Threat Analysis (SETA) system, by notifying GLWA ITS personnel in the event of a cyber-attack or suspicious network activity.

#### ***Service Delivery Update***

In an ongoing effort to improve desktop support services, installation of a new remote service management software, called Bomgar, is underway. Bomgar is a remote desktop support tool that will allow ITS analysts to remotely view, work and administer support to Department desktops and, Apple and Android mobile devices over the web. The intent is to replace as many deskside service visits as possible, saving the time and travel costs associated with support staff moving across the GLWA service area to provide services.

Service delivery is coordinating office relocations between GLWA and DWSD at various locations.

### **LEGAL**

The General Counsel's February Report is attached to this Chief Executive Officer's report.

### **KUDOS AND STAFF DEVELOPMENT**

Balvinder Sehgal, Water Works Park Plant Manager, received and accepted the invitation to participate on the Advisory Board for the Healthy Urban Waters (HUW) Program at Wayne State University (WSU). HUW is a program that promotes and delivers research, education, technology development and public engagement on water resources in the urban environment. This new program is funded by the Erb Family Foundation and WSU Office of the Vice President for Research. HUW is forming an Advisory Board to provide input on program activities such as, the state of the science, bi-national water resources policy agendas, and emerging issues that are relevant to HUW. Participation requires a two-year commitment to attend quarterly board meetings on Wayne State University's campus. Congratulations to Mr. Sehgal for this outstanding recognition of his expertise on water resource issues.

In Mid-January, the Management and Team Leaders of Water Operations embarked on an exciting in-depth leadership program called "The Hungry Leaders Training" which was facilitated by LaShone Bedford, Professional Administrative Analyst. The training is an eight (8) week teleconference and pre-recorded video series on managing people, team members, colleagues, staff, and employees, with making them as productive as possible. The trainer for the program has been an advisor to CEOs and leaders of all levels for more than 20 years. As we apply these management principles to our daily operations, it allows us to build a culture of teamwork and cooperation that will enhance the daily work experience of staff.



**KUDOS AND STAFF DEVELOPMENT** (continued)

On February 2 and 3, thirty (30) Water Operations team members attended one of the one-day sessions of the American Water Works Association "Operator's Day" in Lansing, Michigan.

The conference held technical presentations that pertained to water and wastewater as well as vendor exhibits. The focus of the conference included cross connection, electrical maintenance, MISS DIG, backflow prevention, and laboratory equipment trouble shooting and maintenance. Each licensed operator earned up to 0.3 continuing education credits (CEUs).

Respectfully submitted,

A handwritten signature in cursive script that reads "Sue F. McCormick".

Sue F. McCormick  
CEO

SFM/dlr  
Attachments (3)



UNITED STATES  
ENVIRONMENTAL PROTECTION AGENCY  
REGION 5  
25063 CENTER RIDGE ROAD  
WESTLAKE, OH 44145-4114

WC-15J

**CERTIFIED MAIL 7008 0500 0000 5149 7688**  
**RETURN RECEIPT REQUESTED**

David McNeely  
Interim Chief Operating Officer – Wastewater Operations  
Great Lakes Water Authority  
9300 West Jefferson Avenue  
Detroit, Michigan 48209

Dear Mr. McNeely:

This letter is to notify the Great Lakes Water Authority of an upcoming focused Performance Audit Inspection (PAI) inspection focused on the facilities and activities at the Analytical and Operations Laboratories. The U.S. Environmental Protection Agency, in coordination with representatives from the Michigan Department of Environmental Quality (MDEQ) would like to conduct an evaluation of the facilities and operations responsible for conducting sample analyses at the treatment operations permitted under the National Pollutant Discharge Elimination System (NPDES) Permit No. M10022802.

EPA requests digital copies of the following items in advance of the inspection. Having the documents in advance will allow EPA staff to become familiar with the operations prior to the inspection. This should expedite the PAI. Below is a list of requested documents:

1. Pollutant Minimization Program for Total Mercury and Total PCBs required by Part I, Section A.10 of the NPDES Permit.
2. A copy of the current Wastewater Treatment Plant Wet Weather Operational Plan required by Part I, Section A.11 of the NPDES Permit.
3. A copy of the current Collection System and CSO Treatment Facilities Operational Plan required by Part I, Section A.15(e) of the NPDES Permit.
4. A copy of the most recent Industrial Pretreatment Program Annual Report required by Part I, Section B.1(o) of the NPDES Permit.
5. Correspondence with MDEQ regarding requests for higher quantification levels or requests for alternative analytical methods for the monitoring requirements in Part I, Section A of the NPDES Permit.
6. A copy of the Operations and Maintenance Manual required in Part II, Section C.14 of the NPDES Permit.

*Not Stamped*  
2/2/16  
(10)

7. A copy of the Laboratory Quality Control/Quality Assurance Program referenced in Part II, Section B.2 and Part II, Section D.3 of the NPDES Permit.
8. Standard procedures for flow-monitoring techniques, including the installation and calibration of flow-measurement devices and instruments.
9. Standard procedures for sampling techniques including automatic sampling devices, preservation requirements, holding times, etc.
10. Standard procedures for analytical procedures for specified chemical permit parameters
11. Standard procedures for bio-monitoring/microbiological procedures.
12. Records related to the preparation of DMRs, such as laboratory bench sheets and flow-monitoring results.
13. Standard procedures related to Laboratory Information Systems.
14. Records regarding lab and sampling staff training and qualifications.

EPA will be contacting you to schedule a phone call with you and your staff to go over this requested list prior to the inspection. EPA proposes to conduct the inspection during the second or third week in March. Please submit the requested items, at your earliest convenience, to the following postal address or e-mail address:

U.S. Environmental Protection Agency, Region 5  
Water Enforcement and Compliance Assurance Section #1  
77 W. Jackson Blvd.  
WC-15J  
Chicago, IL 60604  
[Moody.jonathan@epa.gov](mailto:Moody.jonathan@epa.gov), and [Gunter.kenneth@epa.gov](mailto:Gunter.kenneth@epa.gov)

Thank you for your cooperation in this matter. If you have any questions, please feel free to call Jonathan Moody at (440) 250-1708.

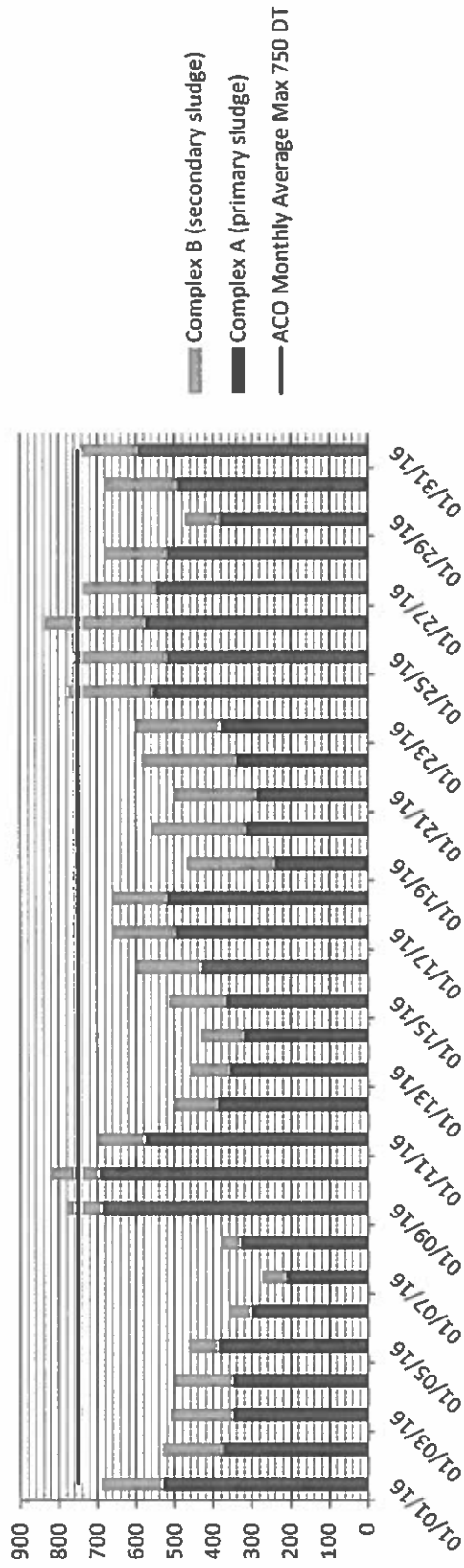
Sincerely,



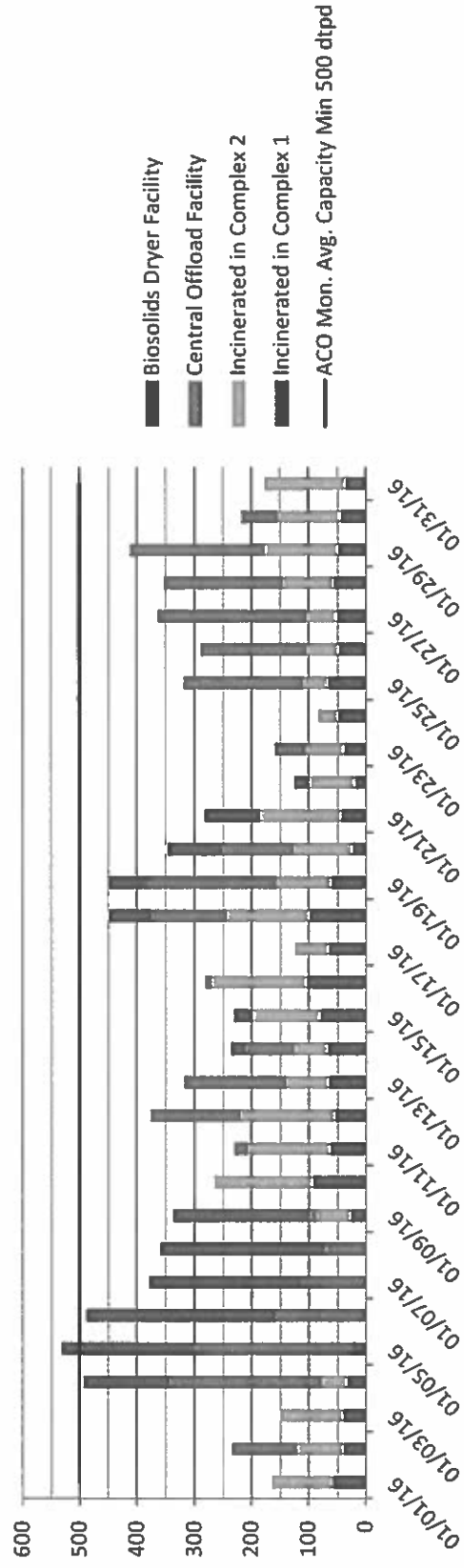
Barbara VanTil, Chief – Section 1  
Water Enforcement & Compliance Assurance  
Branch

cc: Majid Khan, Great Lakes Water Authority  
Stephen Kuplicki, Great Lakes Water Authority  
Michael Jurban, Great Lakes Water Authority  
Jodi Peace, Michigan Department of Environmental Quality

## Sludge Inventory (dry tons)



## Sludge Disposal by Method (dry tons)





## **GREAT LAKES WATER AUTHORITY**

### **General Counsel – February 24, 2016**

General Counsel worked on the following matters:

1) **Contract matters**

**Contracts reviewed as to form:** General Counsel reviewed 34 contracts as to form and execution.

**Contracts drafted or revised:** General Counsel drafted or revised 14 contracts.

General Counsel prepared a new template for amendments to contracts that have been assigned to GLWA pursuant to the Leases. The amendments will be treated as “initial procurements” for purposes of the Procurement Policy approval regimen.

2) **Subpoenas / Information Requests:**

General Counsel received 28 subpoenas/ information requests and responded to 19 subpoenas/ information requests.

3) **New Cases:**

A) **Bruce Smith – Trip and fall Claim:** General Counsel received and is investigating this claim.

4) **Cases Closed:**

A) **Hayes v DWSD:** This case involves employment-related claims partially discharged in the City of Detroit’s bankruptcy proceedings. The remaining claims have now been dismissed with prejudice.

B) **AFSCME V DWSD:** AFSCME has withdrawn this Unfair Labor Practice Charge, C13 G132, related to DWSD security personnel.

C) **Shelton v DWSD:** The EEOC has dismissed this charge and issued a 90 day “right to sue letter.”

D) ADE, AME, and SCATA v DWSD: This was an arbitration in which the arbitrator concluded that the unions' challenges to the CET were not arbitratable.

- 5) NPDES Permit Renewal. General Counsel conducted a preliminary meeting with Wastewater Treatment Plant staff to begin identification of issues for this negotiation and to prepare for internal organizational meeting.
- 6) River Rouge Outfall #2. General Counsel assisted in the negotiation and finalization of terms for PC-797, the progressive design build contract for this project.
- 7) Bio-Solids Dryer Facility: General Counsel worked with Wastewater Treatment Plant staff and NEFCO to finalize terms for the Interim Operating Agreement. The Bio-Solids Dryer Facility has begun operations pursuant to this agreement.
- 8) 9125 West Jefferson: General Counsel is working with the Wayne County Treasurer and the City of Detroit to resolve an erroneous Notice of Foreclosure issued for this property.
- 9) GLWA Purchase Orders – Terms and Conditions: General Counsel worked with Financial Services Group's Procurement Team to draft and finalize standard Terms and Conditions for GLWA Purchase Orders which have been posted on the website.
- 10) Shared Services – Billing Disputes: General Counsel represented DWSD in 10 customer hearings.
- 11) Shared Services – Barnett v Clinkscapes: General Counsel filed an Answer, Affirmative Defenses and a Motion for Summary Disposition in this matter.
- 12) Shared Services - LaSalle v DWSD: The court has approved the class action settlement in this case, notice to class members was mailed and the Court has set an April, 2016 date for entry of the final order and an award of attorney fees.
- 13) DWSD v Highland Park: The flow testing for Highland Park is underway.
- 14) NL Ventures v City of Livonia: DWSD filed an Amicus Curiae Brief in this case. The trial court had held that the foreclosure of a tax lien was a water utility's sole collection remedy, and that a landlord did not bear ultimate responsibility for a tenant's water use. The Court of Appeals reversed. The City of Livonia's request that the Court of Appeals' Opinion be published was granted. DWSD received a very nice thank you from Livonia for its efforts in support of this decision
- 15) US v Detroit, et al: The City has withdrawn its appeal in this matter and the case is now closed.



## **GREAT LAKES WATER AUTHORITY**

March 23, 2016

The Honorable  
Board of Directors  
Great Lakes Water Authority

Dear Chairman Daddow and Directors:

### **Regarding: CEO's Report – March, 2016**

There is an old saying that March comes in like a lion and goes out like a lamb; that has certainly been the case for the GLWA this year. As discussed with your Honorable Body earlier in today's meeting, on Friday March 4, 2016, a fire started at Complex II of the Wastewater Treatment Plant. While the fire was quickly extinguished thanks to the hard work of the Detroit Fire Department, a fair amount of damage was done. We were able to begin the process of restoring the power and conducting an emergency services within 24 hours. We have been working with our insurance carrier, and while a final value of our claim has yet to be determined, we gratefully received a \$1,000,000.00 advance against the claims proceeds from XL Catlin our insurance carrier, to assist with our unforeseen emergency expenses. We are especially grateful that no one was hurt in this fire, and that our Wastewater Treatment Plant was able to continue operations without a discharge event.

As March opened, we began the process for the Board's review of the proposed rates and charges for the 2016-17 Fiscal Year, and the biennial budget for Fiscal Years 2016-17 and 2017-18. As you are aware, this is the first budget approval for the GLWA following the Effective Dates of the Leases. This is also the first budget for DWSD following the Effective Date of the Leases, and the GLWA has now received that Department's budget as approved by its Board of Water Commissioners on March 16, 2016. The receipt of this information is an important step in GLWA's budget review process, and we appreciate the information.

March also marked the first month of operations for GLWA's Water Residential Assistance Program (WRAP) program. Our program administrator has been hosting informational meetings throughout the communities we serve, and reports substantial interest in this innovative and collaborative program.

The Flint water crisis continues to make news, and GLWA has responded to many requests for information from the media and others. The concern about Flint has focused national attention on water quality issues. Last week GLWA hosted a water quality webinar for representatives from its customer communities that was presented by the Association of Metropolitan Water Agencies.

The discussion following that presentation resulted in the formation by GLWA and its customers of a work group focusing on water quality issues.





I am very pleased to report that representatives from 35 of our customer communities have already volunteered to take part in this important effort on this important issue.

The month of March provides hints of possibilities to come. So, as we approach the final days of this month of change, I am excited by the opportunities to come, the continued collaboration with our customers, and the recent expressions of interest from other potential customers who appreciate our product, and are interested in learning more about becoming a part of this regional utility.

### **PLANNING SERVICES**

#### ***Asset Management and CIP Group***

The new Asset Management and CIP Customer Outreach Work Group was held on March 22<sup>nd</sup> to have discussions on CIP prioritization and the progress of our Asset Management Program.

Progress continues to be made to advance the CIP Program Management support solicitation.

Recruitment in this group is taking off with the acceptance of two employment offers. We are pleased to announce that Mr. Jody Caldwell has been selected as the Asset Management Director. With his experience with the system and familiarity with GLWA's initiatives, we expect him to hit the ground running and have a very positive impact on the progress of the highly important Asset Management program.

#### ***Systems Planning Group***

A new Water Quality Work Group has been added to water working groups under the Technical Advisory Committee (TAC) in the Customer Outreach Program. The initial focus of the group will be on lead, corrosion control and testing. The group will also focus on the new EPA voluntary guidelines and recommendations interim to development of changes in the Lead and Copper rule, which is anticipated in 2017.

The TAC and Wastewater Steering Committee have officially added DWSD to the listing of customers on the Co-Chair Committee. Ms. Palencia Mobley is DWSD's designated representative on both committees.

The wastewater master plan steering team has concluded its work on the solicitation document for a consulting engineering firm or team to support the modeling and master planning elements of the effort. A request for proposal is anticipated to be forwarded to the Procurement Group by month's end.

The working team made up of County and non-master metered wastewater customers and their consultants have continued to breakdown the work necessary to perform the updates to the wastewater shares. Sampling sites for the strength of flow elements have been selected and samplers are being installed.

Staff continues to work actively with three prospective water customers.



**PLANNING SERVICES** (continued)

***System Analytics Group and Meter Operations Group***

The Water Units of Service subcommittee continues to make progress on preparation of a solicitation document for a consultant for re-evaluation of the demands and volumes for non-metered water customers. As is prescribed in the Water and Sewer Services Agreement, the work is required to be performed by an independent consultant. It is expected that the solicitation will be advertised in late March or early April.

Recruitment of staffing for this group continues with the next emphasis to be the selection of engineers with significant water and wastewater system modeling experience.

***Energy Management Group***

The Energy Management program continues to make progress working on two (2) energy savings projects. One includes a lighting fixture upgrade of both water and wastewater facilities, and another includes an upgrade to add load management to one of the water pumping stations.

GLWA's small electric accounts with DTE has been identified, and DTE is processing the account ownership changes. The Office of the General Counsel and the Procurement Group are now handling the changes in the ownership of the major electric contracts. The name change on these accounts is expected to occur by May 1, 2016.

Linda Rasor, GLWA's Energy Manager, is pursuing the use of a Customer Choice Gas Program for the smaller non-contractual gas accounts. In this type of program, the smaller accounts can be aggregated and gas purchased from a Broker. Savings from a program such as this is anticipated to be significant.

**WATER OPERATIONS**

On February 22<sup>nd</sup>, GLWA Engineering conducted the first "plant re-sizing" meeting at the Northeast Water Treatment Plant (NEWTP) where they presented their respective views regarding water output, filter usage, chemical additions, equipment needs and various other subjects that would help reduce the costs of the NEWTP per the Water Master Plan.

On February 20<sup>th</sup>, the NEWTP maintenance crew received assistance from Systems Control electricians to complete preventative maintenance (PM) service on #10 and #16 High Lift pumps and motors. Currently, all mechanical and electrical PMs have been completed for all High Lift pumps and motors for the upcoming season.

On February 8, Judy Westrick from Wayne State University visited Water Works Park Treatment Plant as she is working with a handful of utilities on the St. Clair River. Ms. Westrick would like to pilot real time Volatile Organic Carbon (VOC) monitoring, using a Gas Chromatography Electronic Capture Detector (GC - ECD) in the pilot plant at Water Works Park.



## **WATER OPERATIONS** (continued)

Her goal is to pilot an online VOC monitoring system to determine the efficacy and sustainability for the drinking water utilities on the Erie/Huron Corridor. The long term goal is to create an effective, robust, and affordable real-time drinking water protection network using online VOC monitoring. This six (6) month pilot includes an evaluation of the VOC monitoring system, training for the operators, determining if this system is economically feasible, and if it is an instrument the river utilities can service and maintain. She is hoping this is the first phase with instituting a robust, affordable, online VOC monitoring system for the Erie to Huron Corridor.

The plan is to pilot one (1) at Water Works Park's pilot plant and one (1) in Marysville. The GC - ECD technology is currently being used by the Ohio River Valley Water Sanitation Commission (ORSANCO).

### ***Field Services***

#### ***Capital Improvement Projects in Construction***

GLWA Contract No. WS-681, 42-inch water main along 24 Mile Road from Romeo Plank to Rochester, has 99% of the total water main work complete. The remaining water main work is one cross-over connection between the existing 36-inch and new 42-inch that is being tested and will then be brought into service. There is about 25% of the restoration work to complete in the spring once the asphalt plants open. To date, the percent of time elapsed is 70%, and the percent of monies expended is 90%. There are no change orders to date.

Contract No. WS-684A, 36-inch Transmission Main Replacement along Telegraph Road was re-bid and construction is expected to start in late spring. There has been a request by the Michigan Department of Transportation (MDOT) for a change in the traffic control due to the M-39 MDOT Project occurring at the same time. Work is being done with MDOT and the selected contractor to revise the traffic control plan. Once we have the permit from MDOT, the job will be awarded to the contractor and the scheduling of the preconstruction meeting will occur.

GLWA Memorandum of Understanding (MOU) 4848, Wick Road Phase I, 4,000 linear feet of 48-inch water main along Wick Road west of the Wick Road Pumping Station, has had its preconstruction meeting where most submittals are in and approved, and the contractor is finalizing their schedule based upon when the pipe and valves are going to be delivered. Dewatering is expected to start about mid-April and pipe installation about mid-May, whereas, GLWA expects the water main to be complete about the end of August 2016.

Wick Road Phase II, plans are in review with the City of Romulus. The Railroad is waiting to issue a permit until they receive GLWA's updated insurance. Construction is scheduled to start in FY 2017 and finish in 2019.

The design consultant for CS-1488 - WS-699, Venoy/Dorsey Park and Merriman Road (continuation of Glenwood), is continuing to work on permit approvals and easements for the project. Construction is scheduled to start in FY 2017 and finish in 2019.



### **WATER OPERATIONS** (continued)

With CS-1488, Schoolcraft, Middle Belt to Beech Daly, the water main design is complete and comments are currently being incorporated from MDOT, Wayne County, and Livonia. GLWA is talking with the Livonia Department of Public Works on how to work with our timeline yet collaborating regarding the project. Construction is scheduled to start in FY 2019 and end in 2020.

#### *Damage Prevention Services*

The last two (2) weeks of February and the first two (2) weeks of March, GLWA has responded to a little over 750 requests per week for onsite marking for the location of GLWA sewer or water assets through the Miss Dig One Call System. GLWA has provided two employees over the last month to assist DWSD for staking inside the City.

#### *Engineering*

WS-695 is being reviewed by staff to provide input into the request for proposal (RFP) for the valve exercising program in the City of Detroit.

### **Systems Control**

#### *The Detroit River Interceptor Inspection*

The Great Lakes Water Authority has recognized the need to determine the condition of the vital large diameter sewers and develop recommendations for a long term Capital Improvement Plan.

As a result of these needs, the GLWA has initiated a Detroit River Interceptor (DRI) inspection within the central district. The DRI is 16 feet in diameter and conveys 30% of the flows to the Wastewater Treatment Plant. To perform thorough inspection of the interceptor, lower levels and flows are essential. Systems Control Center is managing the flows daily within the DRI by operating lift stations, remote gates, and level sensors. Approximately 10,000 feet of the DRI in the central district is inspected and the final report is due by the first week of April.

### **WASTEWATER OPERATIONS**

The WWTP is treating wastewater in compliance with the NPDES permit. All liquids handling (primary sedimentation, secondary treatment, disinfection and dechlorination) are operating normally and without incident. The Biosolids Drying Facility has been requested to operate at maximum capacity as inventory requires, and two Complex I incinerators are online. The regulatory agencies have been informed, and are being kept apprised of the situation.

The Rouge River Disinfection project, PC-797, held a launch meeting March 2<sup>nd</sup> at the WWTP, establishing goals, communication guidelines, and the time-line for project execution. An on-site inspection of conduits has begun.



### **WASTEWATER OPERATIONS** (continued)

GLWA received notice from the U.S. Environmental Protection Agency (EPA) of a scheduled audit with a focus on the activities of the laboratory and sampling functions. The Performance Audit Inspection (PAI) has been confirmed for the week of April 11 - 15, 2016. Steve Kuplicki, Industrial Waste Control (IWC) Manager, is the contact person for the audit. Two Quality Assurance/Quality Control (QA/QC) plans have already been forwarded to the EPA for the Analytical Laboratory. One is for drinking water, and the other is for wastewater.

The IWC section has compiled most of the information requested by the EPA in advance of the April 11<sup>th</sup> audit. Although the original notice suggests that sampling and laboratory issues will be the main focus of the audit, it has recently been discussed that other areas (Pre-treatment, CSOs, WWTP) may be looked at also. IWC completed the reporting requirements as required by the Superfund Amendments and Reauthorization Act (SARA) for the 2015 reporting period and submitted them by March 1, 2016.

Mr. Bill Hansen, representing the MDOT for the Howe Bridge Project, visited the Livernois Center Building the week of March 7<sup>th</sup> for purposes of appraising the facility. He was provided with a tour of the facility and architectural prints.

On March 9<sup>th</sup>, GLWA and DWSD received a Notice of Violation (NOV) from MDEQ alleging failure to meet staffing levels as per the Administrative Consent Order (ACO) and failure to implement training programs. This NOV did not assess stipulated penalties.

### **FINANCIAL SERVICES GROUP**

The Financial Services Group is focused on completion of the FY 2015 City of Detroit Water and Sewerage Department's audit. In addition, over the course of the past week, the team is implementing the Budget module of the BS&A system for the FY 2017 and 2018 biennial budget process.

The Transformation Division is facilitating the "Cost of Clean Water" Lean project at Water Works Park, which is midway through the Improve Phase. Preliminary January/February 2016 data indicates achievement of a 15% reduction in total chemical costs, with several improvement actions still to be deployed. Results will be statistically validated at the conclusion of the Improve Phase.

Progress continues with the operational stand-up of GLWA and local DWSD. A meeting has been set for March 31, 2016 for GLWA and DWSD leadership to discuss formal "Coordinating Groups" to fully implement and measure Shared Services. A governance structure and a deployment scorecard have been drafted to support the discussion.

### **INFORMATION TECHNOLOGY**

#### ***Applications Delivery Update:***

The WAM Steering Committee approved the implementation of a recommended asset hierarchy for the FLWA's vertical assets (plant).



**INFORMATION TECHNOLOGY** (continued)

The same group is actively working on a linear asset (pipes) hierarchy for GLWA and DWSD.

Worked with HP to implement the WAM the changes necessary to support the City of Detroit's Oracle Cloud Fusion implementation.

Delivered training for Legistar administrators, content authors and item approvers. Related business requirements, workflows, users and configurations are being finalized.

***IT Risk and Security Update***

The IT Security and Risk Management team is partnering with AT&T to implement an updated distributed denial of service (DDOS) protection architecture. This change is scheduled for April 15<sup>th</sup>. DDOS is a type of internet based attack where malicious parties attempt to flood a network with so many requests that the underlying infrastructure fails. This service will identify and mitigate this type of attack.

***Service Delivery Update***

With the help of many staff members from IT (Service Delivery, Administration and Infrastructure), Facilities and Security planned and implemented several office moves in the Water Board Building including the relocation of GLWA's Executive and Legal staffs to the 19<sup>th</sup> floor.

**LEGAL**

The General Counsel's March Report is attached to this Chief Executive Officer's report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sue F. McCormick".

Sue F. McCormick  
Chief Executive Officer

SFM/dlr  
Attachments (1)



## **GREAT LAKES WATER AUTHORITY**

### **General Counsel –March, 2016**

General Counsel worked on the following matters:

1) **Contract matters:**

**Contracts reviewed as to form:** General Counsel reviewed 21 contracts as to form and execution.

**Contracts drafted or revised:** General Counsel drafted or revised 11 contracts.

General Counsel prepared a new template for “Owner- Engineer” contracts using the EJCDC guidelines.

General Counsel drafted a form of intergovernmental agreement for use in DWSD/GLWA cost sharing projects (projects where DWSD and GLWA mains are included in the project’s scope of work).

2) **Subpoenas / Information Requests:**

General Counsel received 19 subpoenas/ information requests and responded to 31 subpoenas/ information requests.

3) **Cases Closed;**

A) **Shared Services - McLean v DWSD:** This case involves a trespass Complaint by Plaintiff due to a flooded basement at her rental property. DWSD filed a Counter-Claim for unpaid water and sewer bills. Plaintiff’s Complaint was dismissed and DWSD prevailed on its Counter-Complaint and was awarded \$13,000.00.

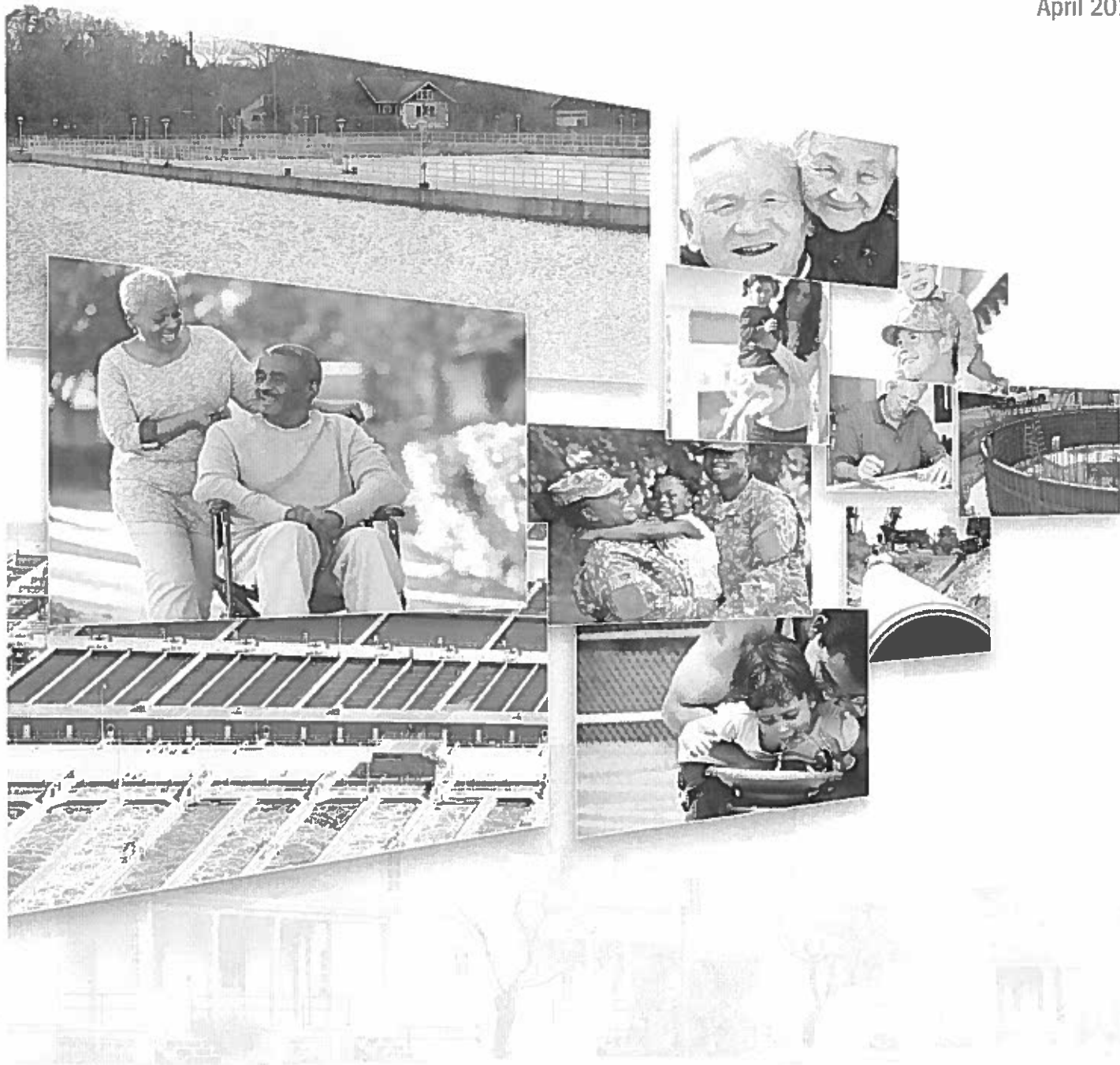
B) **AFSCME v IUOE, DWSD, and GLWA:** This was a Unit Clarification Petition filed by AFSCME challenging DWSD’s assignment of its newly created Plant Technician and Office Support Specialist titles to IUOE. GLWA was added midway through this litigation as a successor employer. MERC has ruled that the titles at issue should be assigned to AFSCME.

C) Shared Services – Barnett v Clinkscales: This matter was dismissed without prejudice when Plaintiff failed to appear for the hearing on DWSD’s Motion for Summary Disposition.

- 4) Greer v McCormick: Plaintiff’s Complaint for intentional infliction of emotional distress has been dismissed, all other counts remain. General Counsel has filed a Motion to Compel WDIV to release video footage within its possession regarding Plaintiff’s conduct while in a DWSD vehicle.
- 5) 9125 West Jefferson: General Counsel is working with the Wayne County Treasurer and the City of Detroit to resolve charges associated with an erroneous Notice of Foreclosure issued for this property.
- 6) Shared Services – Storm water drainage: General Counsel continues to support DWSD’s storm water drainage task force, and has prepared materials for the BOWC.
- 7) Shared Services - LaSalle v DWSD: The “fairness” hearing in this class action settlement is scheduled for next week. One member of the class has opted out.
- 8) Shared Services – DWSD General Counsel: GLWA has hired Richard Sulaka as its Counsel. General Counsel met with Mr. Sulaka to discuss key issues and transition. General Counsel also met with the City’s Corporation Counsel to discuss similar matters.
- 9) DWSD v Highland Park: General Counsel is preparing a letter in response to a March 3, 2016, letter from Highland Park’s Mayor’s allegations.
- 10) Legistar: General Counsel worked with IT and Administration and Compliance to develop the rollout of Legistar for GLWA Board meetings.
- 11) Implementation of GLWA Leases: General Counsel is working with the Financial Services Group to reconcile existing contracts with the Lease documents.



April 2016



## Drinking Water and Wastewater Utility **Customer Assistance Programs**

# Preface

Drinking water and wastewater utilities have the extraordinary task of providing public health and economic sustainability for their local communities. And the price tag to do so is equally extraordinary. Utilities across the country are increasingly seeing the need to invest in aging infrastructure, new technologies, regulatory requirements, and a skilled workforce. They are addressing these needs to uphold their public service duty, all the while keeping in mind their customers' ability to afford these essential services.



## *Affordability.*

This is an important concept that we must consider as public servants. One that our water sector grapples with more and more as increased investments are needed to address complex, and many times competing, social and water quality issues. To address these issues, utilities have been developing household affordability programs that focus on an individual customer's ability to pay for drinking water and wastewater services.

These customer assistance programs are innovative ways to meet specific customer needs, while also meeting the utility's financial needs and obligations. These programs are not a one-size-fits-all approach. Utilities have developed and adapted their own programs to the needs and structures of their local communities. Some households that may have difficulty paying their water and sewer bills include those on fixed incomes or lower incomes, as well as households that face a temporary crisis such as a job loss, illness, or other domestic situation. This document shows the different programs that utilities have initiated, some sophisticated and some common sense, to ensure that all customers receive services and, at the same time, allow the community to benefit from a more sustainable and resilient utility.

We hope that the examples in this compendium show how utilities have addressed affordability matters for their most precious asset – the citizens they serve.

Andrew Sawyers  
Director  
Office of Wastewater Management

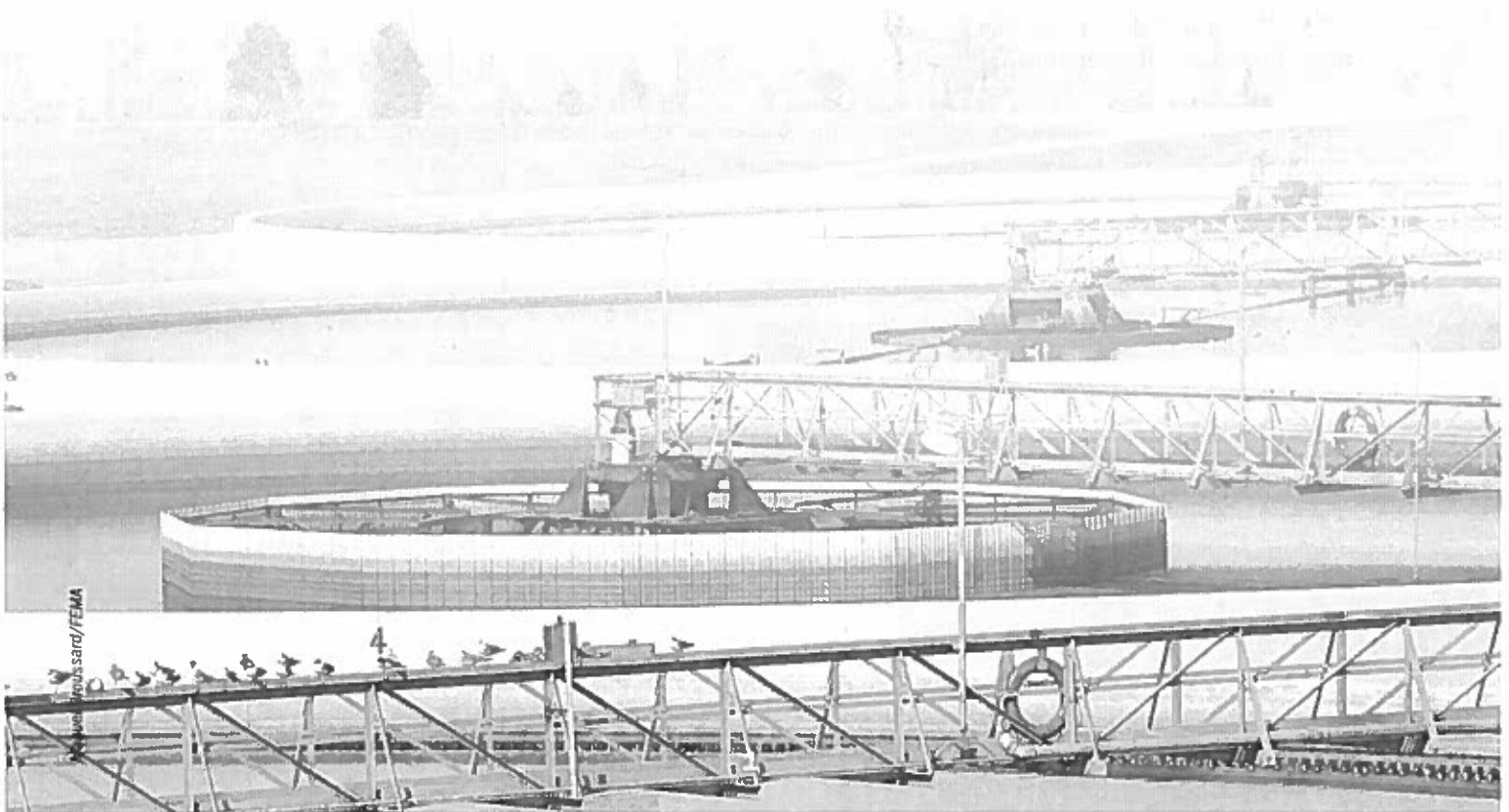
Andrew Sawyers is the director for the Office of Wastewater Management, which leads the Water Infrastructure and Resiliency Finance Center. The Center identifies financing approaches for public health and environmental goals by providing financial expertise to help communities make better-informed decisions about the drinking water, wastewater, and stormwater infrastructure.

# Introduction

Drinking water and wastewater utilities across the country are changing the way they do business to help all members of their communities maintain access to vital drinking water and wastewater services, while also protecting the utilities' bottom lines.

In every community across the country, there are some customers that will have difficulty paying their water bills. According to the U.S. Census Bureau, 46.7 million people (14.8 percent of the U.S. population) lived in poverty in 2014 (DeNavas-Walt and Proctor 2015). Other people experience unexpected crises that affect their ability to pay. In response, a number of water and wastewater utilities have developed customer assistance programs (CAPs) that use bill discounts, special rate structures, and other means as an approach to help financially constrained customers maintain access to drinking water and wastewater services (collectively referred to as “water services” or “water utilities” throughout this document). These programs help households address issues with affordability and help protect public health throughout the community. They also help ensure the utility can sustainably provide its core services, price services appropriately, and preserve a broad customer base.

***A study by the U.S. Geological Survey found that about 86 percent of the U.S. population relied on a public utility for their drinking water or wastewater services in 2010 (Maupin et al. 2014).***



The U.S. Environmental Protection Agency (EPA) researched publicly available information to identify drinking water and wastewater utilities in the United States that have developed CAPs. Public websites and public documents were reviewed to compile programs that large drinking water utilities and wastewater utilities (i.e., serving more than 100,000 people) have developed. A separate review was conducted of public websites and public documents developed by a random sampling of medium-sized drinking water and wastewater utilities serving between 10,000 and 100,000 people. Additional utilities reached out to EPA to provide information on their CAPs.

The review effort considered 795 utilities, and found that more than a quarter (228 utilities, or 28.7 percent) offer one or more CAPs. A total of 365 CAPs are currently offered, mostly by large utilities (Table 1). A Quick-Find Matrix, presented in Appendix A, offers brief profiles of all identified programs. More detailed information on each program is presented in Appendix B: Utility Snapshots.

**Table 1. Customer Assistance Programs Offered by U.S. Drinking Water and Wastewater Utilities**

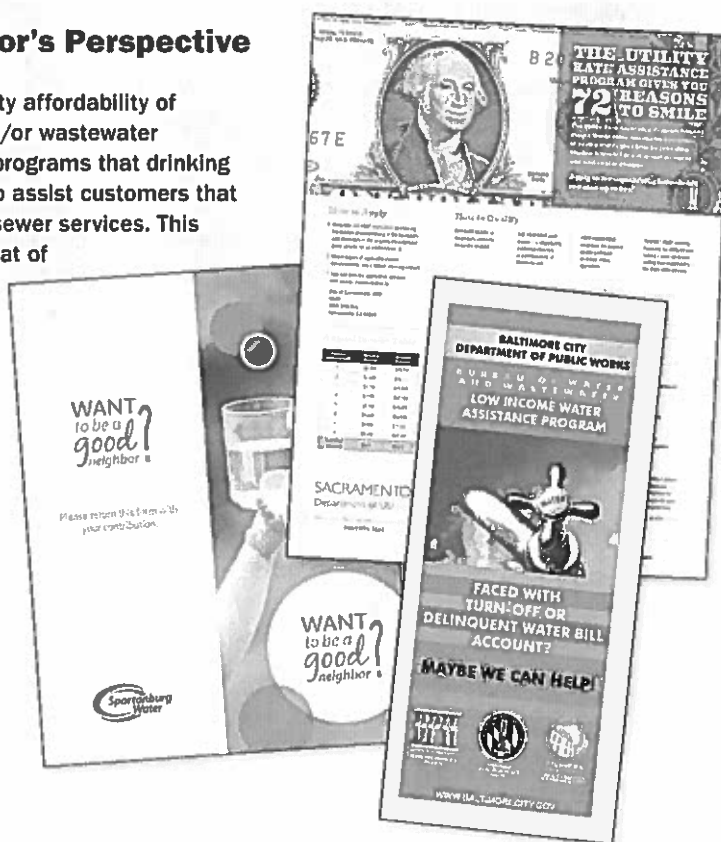
Type of Drinking Water and Wastewater Utilities Reviewed	Number of Utilities Reviewed	Number of Utilities Found to Have One or More Programs	Total Number of Programs <sup>1</sup> Identified During Review
Large Utilities (>100,000 people)	620	190 (30.6%)	308 (84.4%)
Medium Utilities (10,000–100,000 people)	175	38 (21.7%)	57 (15.6%)

<sup>1</sup> Of 795 utilities reviewed, 228 utilities offer a total of 365 CAPs.

## Meeting Expenses – A Neighbor's Perspective

This document does not address the overall utility affordability of developing or complying with drinking water and/or wastewater regulations. Instead, this document focuses on programs that drinking water and wastewater utilities have developed to assist customers that have difficulty paying for drinking water and/or sewer services. This relates to a different context of affordability—that of an individual customer's ability to pay for drinking water and wastewater services. Regardless of a water utility system's rates and rate design, some customers will have difficulty paying for service, no matter the price of the service. Customer assistance programs are tools that help utilities address these affordability challenges.

This document does not suggest what utilities should or must do. Instead it provides examples of hundreds of utilities' proactive efforts to change how they do business, to help ensure all their customers can receive the public health benefits of water service while meeting the utility's financial needs and obligations.



This document is designed to help drinking water and wastewater utilities build on their existing CAPs or adopt new CAPs by learning from the experiences of other utilities. By highlighting what CAPs are meeting which needs within diverse communities across the United States, utilities can see what works, and why.

## Why Focus on Customer Assistance Programs?

Under current rate structures, utilities often find approximately 1 percent of their customers are unable to pay at any particular time (WRF 2010).

Households on fixed or lower incomes may sometimes have difficulty paying their bills; plus, any family, regardless of household income, could face an unexpected crisis (e.g., job loss, illness, death, divorce) that puts them in a temporary hardship situation. For some types of utilities, nonpayment would lead to a prompt termination of service, and customers would face inconvenience and might explore substitute options. In contrast, a water service customer facing disconnection also faces immediate health and safety threats.

Therefore, water utilities across the United States have demonstrated a commitment to helping low-income customers and customers in crisis delay and avoid disconnection. Many communities have decided that each resident should have the same access to clean and safe water that everyone else in the community enjoys, even if paying for the service is beyond their immediate means. It is water's special status as essential to public health that makes ensuring access more than a charitable cause.



***"In every community in the U.S., some households inevitably have difficulty in paying water and wastewater bills. The relative number may be large or small, but there are always some that find public utility service unaffordable. This is true whether the community as a whole is wealthy or poor, whether the average cost of water and wastewater service is high or low, and whether the utility's collections policy is strict or lax."***

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—Environmental Financial Advisory Board (EFAB)

## CAPs Benefit Customers and Communities

Utilities use CAPs to help customers and strengthen their local communities. Community members are able to:

- Address issues with affordability,
- Retain or restore access to water services crucial to their daily life,
- Avoid penalties and fees, and
- Avoid the health threats, inconvenience, and stigma of water service disconnection.

*According to the Water Research Foundation, low-income households are three times more likely to have their water and/or sewer service disconnected than other households (WRF 2010).*

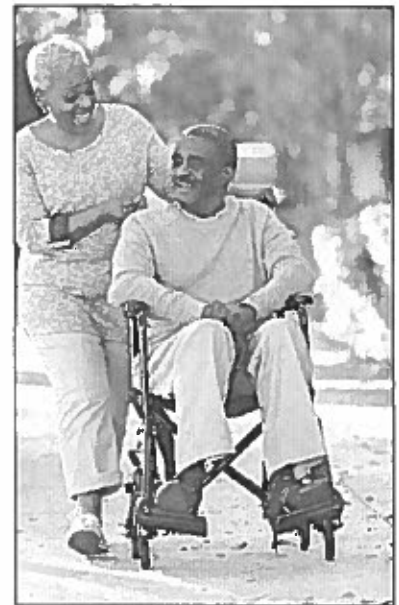
## CAPs Benefit Utilities

Utilities have also discovered that CAPs support their business in three key areas:

- 1. Offers an Opportunity to Practice Social and Corporate Responsibility** – Taking care of the less fortunate in our communities is the right thing to do. Utilities have a unique opportunity to help neighbors in need.
- 2. Improves Public Relations** – From a business standpoint, CAPs allow utilities to:
  - Improve public health and environmental quality,
  - Continue their critical role in the community and local economy,
  - Improve their standing with customers, and
  - Bolster their reputation with other key stakeholders in the community.

A water sector utility that finds ways to serve its entire customer base will be championed as a critical asset to the community.
- 3. Improves Financial Health** – Utilities can save on administrative and legal costs associated with collecting on debts, disconnection, and reconnection of water services.

Because of these benefits to the utility, its customers, and the community, many utilities have voluntarily developed a CAP (or in many cases, CAPs) tailored to meet customers' needs. The variety of CAPs across the country (highlighted in the Quick-Find Matrix and Utility Snapshot sections provided at the end of the document) show that utilities are developing innovative and creative custom solutions.



*Household-level affordability problems often result in increased costs and decreased revenues for water and wastewater utilities that impact all customers, rich and poor alike. Excessive numbers of disconnections for nonpayment create major inconvenience for households and may contribute to public health problems (EFAB 2006).*

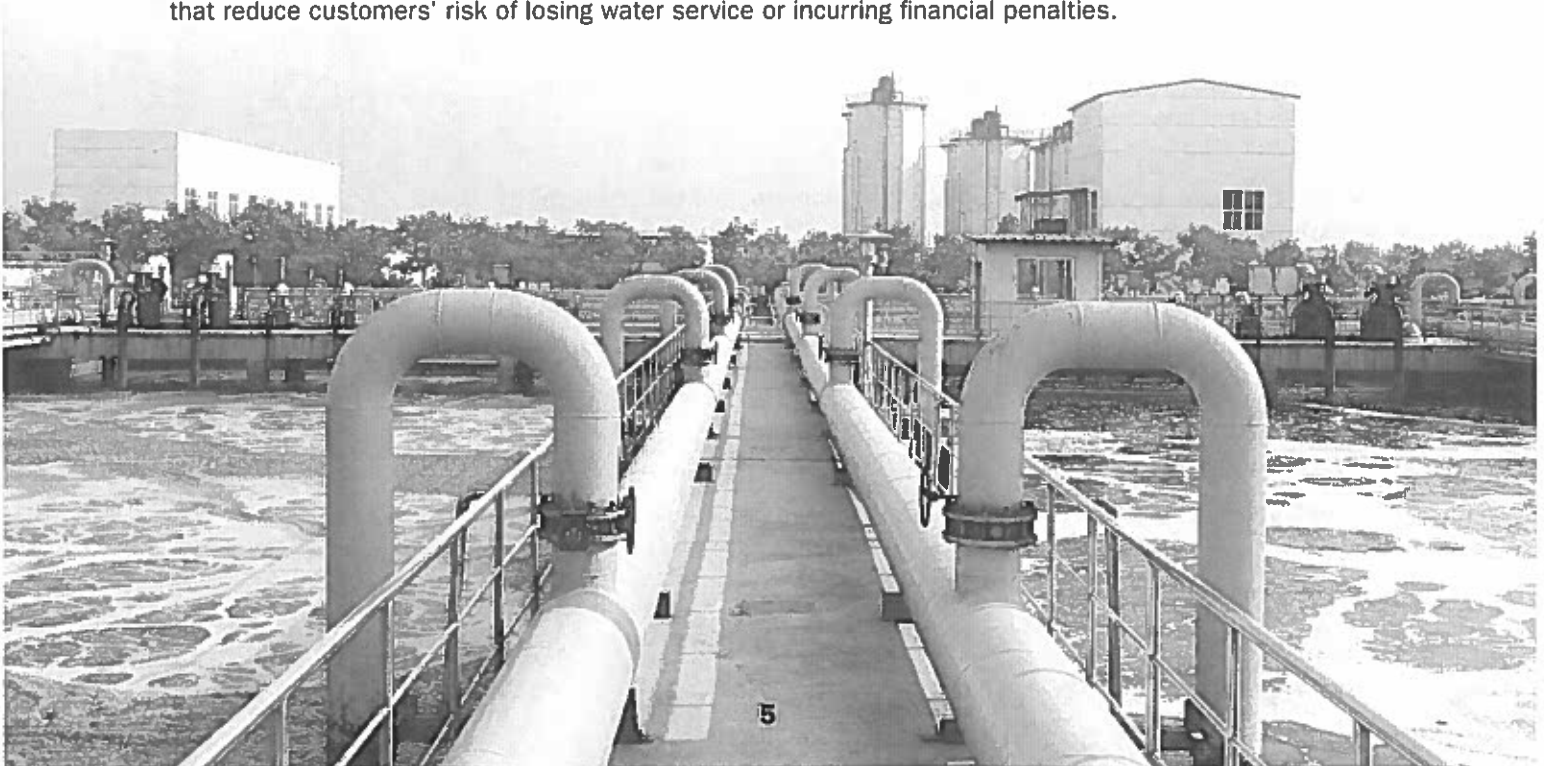
# Costs of Providing Water and Wastewater Services

The business of running a drinking water or wastewater utility is complex, with a variety of fixed costs associated with providing public services. Utilities must cover the cost of daily operation and maintenance expenses (including energy, labor, chemicals, and other supplies) to ensure continuous service that meets applicable federal and state public health and environmental standards. In addition, utilities plan for long-term capital and operational investments such as:

- Repairing and replacing aging infrastructure.
- Preparing for drought conditions and water quantity issues.
- Increasing utility resiliency and security.
- Complying with new rules and regulations.

Estimates for repairing and replacing aging infrastructure alone amount to a trillion dollars in investment needs collectively facing the industry in the next 25 years (AWWA 2012). More than \$600 billion of this need is eligible for financing under the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF) programs, but the needed investment far outpaces the funds available. As more and more utilities use best management practices such as asset management to forecast costs needed to sustainably manage their utility, these costs may increase. Rising costs for replacing aging infrastructure will be accompanied by higher bills for customers. As a result, the need for affordability programs will increase over the next several decades.

Utilities can tap numerous possible revenue sources to cover costs for providing service, including usage charges, connection fees, and in some cases property tax revenue. Setting rates is usually performed at the discretion of the utility and the local unit of government. Utilities and local governments have the authority to work into their business model a safety net of one or more CAPs that reduce customers' risk of losing water service or incurring financial penalties.





## Eligibility Criteria Vary by Utility

As shown in Figure 1, the most common criterion considered for CAPs eligibility is status as a low-income household. Senior citizens are often eligible for assistance, as are households experiencing short-term financial hardships. EPA also found programs targeting assistance to disabled customers, as well as customers that are either active duty or veterans of the military. Specific eligibility criteria (e.g., the income threshold used to qualify) differ across programs. The way utilities determine customers' eligibility also varies, with some utilities conducting application reviews and approvals in-house and others collaborating with social service programs to accept their eligibility determinations.

## Who Needs Assistance?

CAPs serve different segments of the population based on factors such as income level (e.g., low- or fixed-income), permanent disability, occurrence of temporary hardship (e.g., recent divorce, death of spouse, recently unemployed), age (e.g., senior citizens), and/or status as a veteran.

Income is the most common criterion used to determine rate assistance eligibility. Some utilities offer a discounted rate for customers whose income is below a specified threshold. The threshold might be based on the poverty level (e.g., twice the federal poverty level) or on water bill charges exceeding a specified percentage of income (e.g., median household income, or MHI). Some utilities require customers to stay current on their water bills to remain eligible for assistance.

Some utilities determine eligibility according to whether the customer receives assistance from other social aid programs. Under this criterion, eligibility for utility billing assistance is based on successful enrollment in assistance programs offered by other agencies or organizations, which lowers the administrative costs to the water utility, makes the process easier for recipients, and generally accelerates the reach of the water CAP.

EPA's review of 795 utilities across the nation showed that almost 30 percent of utilities offer one or more CAPs, for a total of 365 active programs. Some CAPs provide assistance to more than one group of customers. Overall, the customers most frequently targeted by CAPs were those in low-income households (Figure 1).

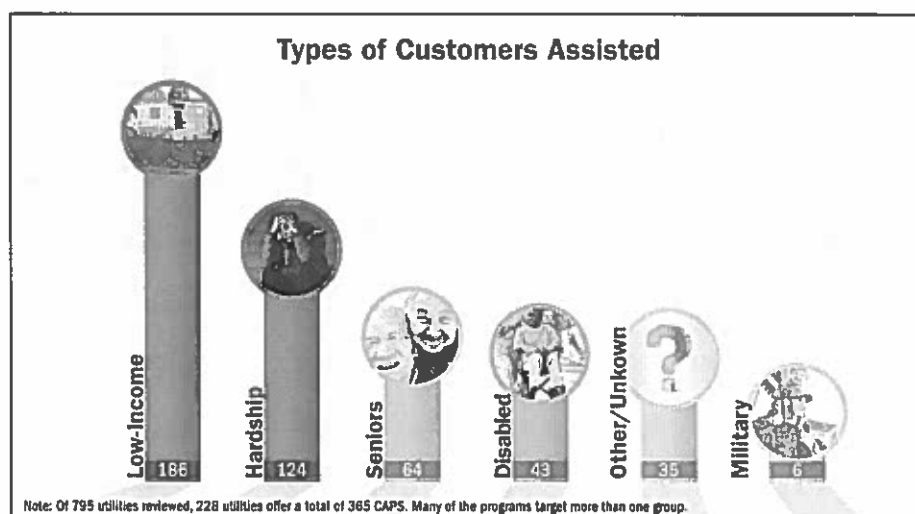


Figure 1. Types of customers assisted by CAPs at U.S. drinking water and wastewater utilities.



## Types of Customer Assistance Programs

Utilities offer a variety of assistance programs to meet the needs of their customers. (See Appendix B: Utility Snapshots for more information on specific programs described in this section and their materials.) Common program types include:

**Bill Discount** – Utilities reduce a customer’s bill, usually long-term. Can be applied to nearly any type of rate structure or aspect of the bill (e.g., variable rate structure, fixed service charge, and volumetric charge). Also known as **write-off**, **reduced fixed fee**.

**Flexible Terms** – Utilities help customers afford services and pay bills through arrearage forgiveness (e.g., rewarding timely bill payments by partially forgiving old debt and establishing a payment plan for future payments), bill timing adjustment (e.g., moving from quarterly to monthly billing cycles), or levelized billing (e.g., dividing total anticipated annual water and sewer bill by 12 to create a predictable monthly bill amount). Common categories of different program types include **payment plans**, **connection loans**, **managing arrears**, **levelized billing**, **bill timing**.

**Lifeline Rate** – Customers pay a subsidized rate for a fixed amount of water, which is expected to cover that customer’s basic water needs. When water use exceeds the initial fixed amount of water (i.e., the lifeline block), the rates increase. Also known as **minimum bill**, **low-income rate structure**, **single tariff**, **water budget**.

**Temporary Assistance** – Utilities help customers on a short-term or one-time basis to prevent disconnection of service or restore service after disconnection for households facing an unexpected hardship (e.g., death, job loss, divorce, domestic violence). Also known as **emergency assistance**, **crisis assistance**, **grant**, **one-time reduction**.

**Water Efficiency** – Utilities subsidize water efficiency measures by providing financial assistance for leak repairs and offering rebates for WaterSense-certified fixtures, toilets, and appliances. Also known as **water conservation**.

EPA’s review of 795 utilities across the nation showed that almost 30 percent offer one or more CAPs; of these, 155 included a bill discount in their CAP. The next two most popular CAP types were flexible terms and temporary assistance (Figure 2).

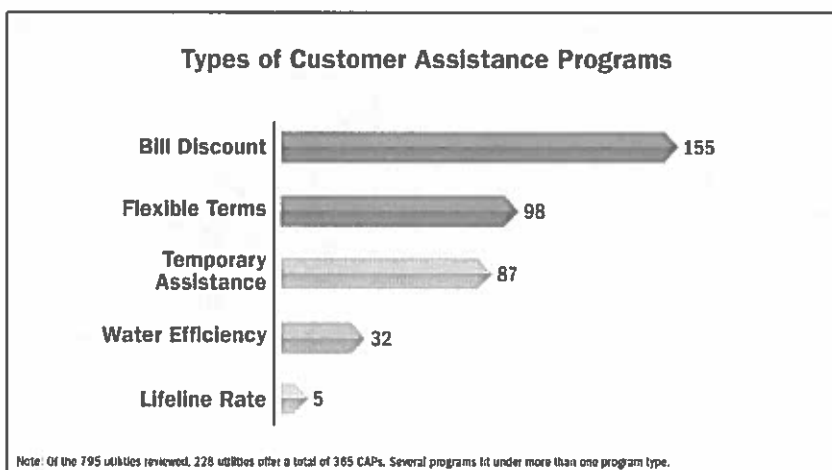


Figure 2. Types of CAPs offered by U.S. drinking water and wastewater utilities.

# Bill Discount

Reduces bills on an ongoing basis usually by a percentage or dollar amount. This broad category encompasses a diverse array of programs.

## Opportunities

- Targets households that have difficulty paying water and/or sewer bills.
- Offers flexibility to structure in a variety of ways, including a sliding scale; can apply to any type of rate structure.

## Challenges

- Revenue impact may be greater because programs are generally designed to provide assistance long-term.
- Can be confusing to customers if program-related outreach and education isn't provided.

## Considerations

- Administrative burden is low if utility can partner with an existing social service program for eligibility determination and enrollment; administrative burden can be higher if a partnering opportunity doesn't exist.
- A percentage discount can give households using more water a larger subsidy, creating concerns of equity and providing a disincentive to use water efficiently.
- Does not take into account other factors that might be causing long-term high water usage, such as older appliances and fixtures.

## New York City, New York

Mayor de Blasio and the **New York City Department of Environmental Protection (DEP)** announced on December 24, 2015, that nearly 52,000 low-income, senior, or disabled homeowners across the city will receive an automatic one-time credit of \$115.89 on their next water bill, saving most participants approximately 25 percent on their annual bill. The credit is part of the Home Water Assistance Program, first introduced in 2014, to assist approximately 12,500 homeowners who qualified for the federal Low-Income Home Energy Assistance Program (LIHEAP). In 2015, DEP expanded the program to include those who receive a Senior Citizens Homeowners Exemption or a Disabled Homeowners Exemption for property taxes, bringing the total to nearly 52,000 homeowners. DEP has partnered with the Human Resources Administration and the Department of Finance to identify qualified homeowners (with homes housing one to four families) who received a LIHEAP or low-income property tax benefit in 2015. Homeowners do not have to do anything to receive the credit; it will automatically appear on the next water and sewer bill for qualifying customers.



*"Any assistance to low-income homeowners is welcome news in the Bronx and New York City. Many families struggle from paycheck to paycheck and receiving a credit on their next water bill will likely go a long way to help. ... I would like to thank Mayor de Blasio, the New York City Department of Environmental Protection, the Human Resources Administration and the Department of Finance for their work in making sure that more than 52,000 households receive a credit of \$115 on their next water or sewer bill through the Home Water Assistance Program."*

*—Assembly Member Latoya Joyner*

## American Water



**American Water** provides drinking water and sewer-related services to communities in 45 states. They offer multiple CAPs designed as a safety net for customers in need.

**New Jersey American Water's H2O Help to Others Program™** (serving Liberty, Ocean City, Raritan, Short Hills, and coastal north and western New Jersey) includes a bill discount program that provides low-income customers in New Jersey a water bill credit (grant) of up to \$500. Eligible customers must have a total combined monthly income at or below 200 percent of the federal poverty guidelines. In some cases, recipients must pay a portion of their bill based on their income. In 2014, New Jersey American Water provided \$92,453 in assistance grants to 327 households. Eligible customers could also receive a 100 percent discount on their monthly fixed service charge for water. Approximately 5,500 customers in New Jersey were enrolled in this program as of December 31, 2014.



In Pittsburgh and Lake Scranton, the **Pennsylvania American Water Company** uses its H2O Help to Others Program™ to offer income-qualified drinking water customers an 80 percent discount on their monthly water service fees and grants of up to \$500 per year. Low-income sewer customers also can receive annual \$500 grants as well as a 15 percent discount on their total wastewater charges. The threshold for qualification for assistance is 150 percent of the poverty line.

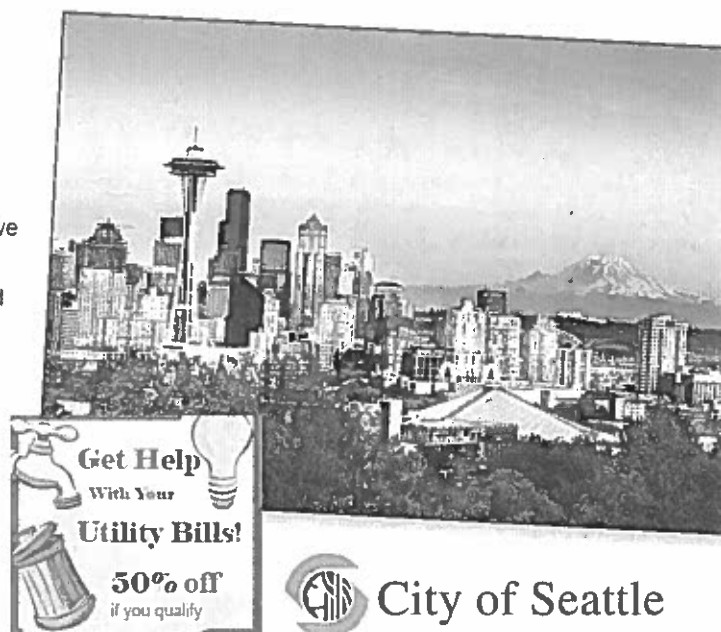


For some of these programs, American Water provides corporate funding as well as a corporate match for customers' donations. Other programs are funded through the rate design. American Water customers wishing to

contribute to the H2O Help to Others Program™ can add a donation to their monthly American Water bill payment. All donations and American Water's matching funds go directly to qualifying customers.

## Seattle, Washington

**Seattle Public Utilities (SPU)** offers its drinking water and sewer customers a bill discount of 50 percent if their household income is at or below 70 percent of the state median household income. All SPU residential accounts are eligible if they meet income guidelines, which vary by household size. Renters and condo owners who do not receive a water bill directly could be eligible for a credit to their electric bill instead. Renters living in single family homes and duplexes receive more credit than residents in multifamily buildings. Households participating in the Housing Choice Voucher Program (Section 8 housing) or living in other specific subsidized housing units are not eligible for the bill discount program. In addition to offering the bill discount program, the utility also offers a complementary Emergency Assistance Program designed to help qualified customers with delinquent bills.



# Flexible Terms

**Helps customers stay current with bills by waiving penalties, fees, interest, and/or changing how they are billed over time.**

## Opportunities

- Highly effective and popular for gas and electric utilities.
- Few legal or policy barriers make implementation relatively low-cost and easy.
- Can reduce administrative costs for the utility.

## Challenges

- Can diminish the power of water conservation pricing.
- Can reduce revenue for the utility.

## Considerations

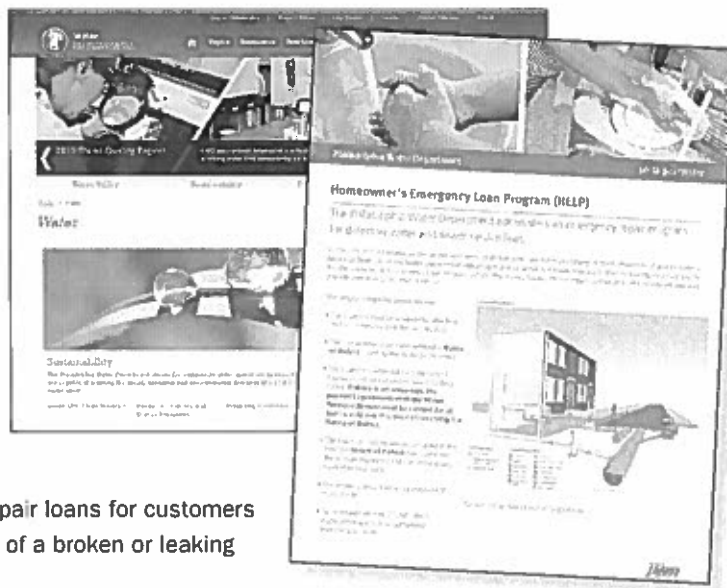
- Increasing billing frequency does not require the utility to change the frequency of meter reading; however, some utilities may find it necessary.
- Monthly billing allows for predictability and planning. Levelized billing works well when it is voluntary or other utility bills are also levelized.
- Some measures, like levelized billing and bill timing, are revenue neutral. Other tools, such as forgiving arrears and interest-free payment plans, lower (potential) revenue. Reduced fee programs can improve collectability of revenue.
- New technology, such as pre-paid meters and smart meters, give utilities more options for designing flexible terms that customers can use to help remain current on their bills.

## Philadelphia, Pennsylvania



The **Philadelphia Water Department** provides a number of CAPs to its customers to assist with water and sewer

bills, including several different options for flexible terms. Customers having difficulty paying taxes or water bills can arrange a payment agreement. When the customer enters into a payment agreement, they must pay the future monthly water and sewer bills in full and on time, and make their agreed upon monthly payments. The Homeowners Emergency Loan Program also provides no-interest repair loans for customers in imminent danger of service disconnection because of a broken or leaking water service or sewer drainage line.



## Tallahassee, Florida



The **city of Tallahassee's** municipally owned drinking water and wastewater utility offers customers levelized billing through a program called Budget Billing. This program allows customers to average their bills as a way to flatten out the peaks and dips of usage over the course of a year, resulting in a consistent bill for their utility services.

The utility totals the past 12 months of utility usage (billed amounts) and divides the total by 12 to find the average monthly bill. The utility then adds another 10 percent to arrive at a monthly figure that will be billed throughout the subsequent year. The additional 10 percent protects the customer from significantly underpaying bills if their usage varies because of warmer or drier conditions. Every 12 months, the utility automatically reviews the account to determine the difference between the actual utility bills and budget billed amounts. This difference will then be used to compute the following year's bill. Any amount of underpayment or overpayment is rolled into the new budget billing amount.

## Lifeline Rate

**Reduces bill for a set quantity of water on an ongoing basis to allow essential usage.**

## Opportunities

- Can be targeted to specific eligible households, which reduces its cost.
- Can promote water conservation.

## Challenges

- Targeting only eligible households makes implementation more difficult.
- Eligible households may be more likely to use more water for basic needs.

## Considerations

- Consider adjusting the size of the lifeline block to take into account the number of people in the household.
- Some ratepayers will be subsidizing (through higher rates) the ratepayers who qualify for the lifeline program.

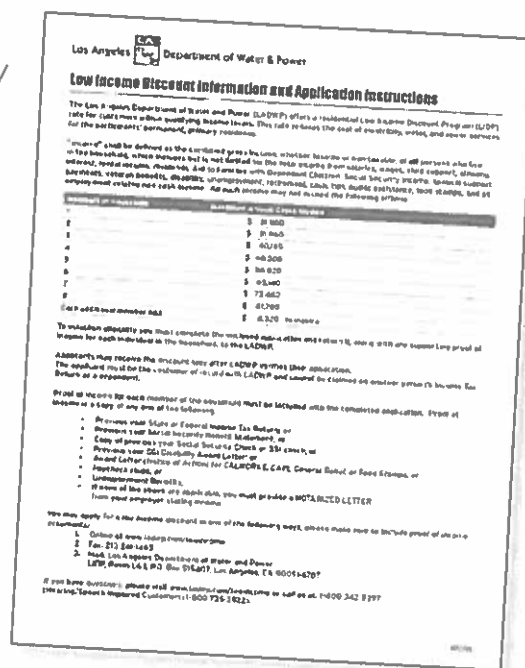
## Los Angeles, California



**Los Angeles  
Department of  
Water & Power**

Through the Senior Citizen/  
Disability Lifeline Rate  
Program, the **Los Angeles  
Department of Water  
and Power** offers eligible

low-income households a 31 percent reduction in water and sewer rates for the first 1,800 cubic feet of water used in every 2-month billing cycle. After that amount (i.e., the lifeline amount), the standard rate applies. To be eligible, residential customers must reside at the service address and be responsible for directly paying the water bill, be at least 62 years old or disabled, and have a combined adjusted gross household income of less than \$33,200 for the previous year. The funds to pay the water bill must not be from another public agency. Households who qualify might also qualify for a discount on their trash bill. Eligibility for the program is reviewed biannually. Existing customers continue to receive the discounted rate as long as they maintain eligibility.



## Norman, Oklahoma



**City of Norman**  
Building an Inclusive Community



Home of the  
University of Oklahoma

The municipally owned drinking water and sewer utility in the college town of **Norman, Oklahoma**, provides low-income households a special rate structure for the first 5,000 gallons of drinking water they use; beyond 5,000 gallons the standard

rate applies. Rather than paying \$3.35 per 1,000 gallons, they pay \$1.50 per 1,000 gallons, for a monthly savings of almost \$10. In addition, the municipality also provides low-income households meeting federal guidelines a 50 percent discount off their monthly drinking water fixed fee (\$6) and monthly sewer fixed fee (\$5). The net total potential monthly savings for low-income households is nearly \$21.

**Reduces bill one time or on short-term basis to help customer deal with an urgent, unexpected hardship.**

- Water and sewer utilities often partner with another organization (e.g., a public assistance agency or local charity) to administer the program.
- Resources for this type of program often come from outside government agencies, social service agencies, or voluntary contributions from other ratepayers.

## 12

# Water Efficiency

Reduces bill by directly implementing water saving measures, such as repairing or replacing leaking or outdated pipes and/or fixtures.

## Opportunities

- Disadvantaged customers are more likely to have old fixtures and/or poor plumbing.
- Can be a long-term solution to lowering bills that empowers homeowners.
- Can use outreach materials and partnerships with other utilities through WaterSense.
- Complements a community's sustainable water management goals, carbon reduction efforts, etc.

## Challenges

- Can impact utilities' revenue.
- Rebates for new devices and appliances may be less likely to help low-income households.

## Considerations

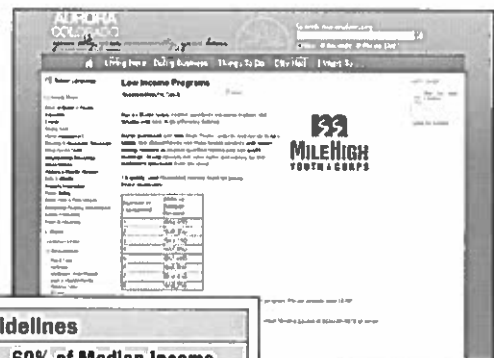
- Coupling water efficiency programs with increasing block pricing can be very effective.
- Programs can be designed and structured in numerous ways, from rebates to service contracts with local providers.
- Low-income customers are more likely to take advantage of programs that provide in-house services as opposed to programs that require them to buy their own equipment or services (WRF 2010).

## Aurora, Colorado



The municipal drinking water, wastewater, and stormwater utility for the city of Aurora, has a Low-Income Water Efficiency Program (LIWEP) where it replaces old plumbing fixtures with new water-efficient ones. Each eligible

household can receive up to two toilets, two showerheads, and three faucet aerators. These fixtures are replaced by the Mile High Youth Corps, who partners with the utility to perform the work in residences. Households must meet the income guidelines to qualify. Households that are qualified to receive low-income benefits for electricity are automatically qualified for the LIWEP.



Income Guidelines	
Number In Household	60% of Median Income
1	\$33,550
2	\$38,350
3	\$43,150
4	\$47,950
5	\$51,800
6	\$55,600
7	\$59,450
8	\$63,250

## Portland, Maine



The **Portland Water District** has a program for low-income customers where it provides financial assistance to improve water efficiency and lower water bills. The utility has teamed with The Opportunity Alliance (TOA) to administer the Home Plumbing Assistance Program, which

repairs, replaces, and installs plumbing fixtures and water-saving devices. Not only will TOA determine customer eligibility and conduct the home audit, it will also develop a remediation plan, subcontract all work to be completed, and conduct an inspection after the work is done. The items eligible under the program include leaking or broken water pipes, toilets, hot water tanks, kitchen and bathtub faucets, shower heads, toilet dams, low-flow devices, and outside faucets.



Great Lakes Water Authority  
Financial Services Group  
Audit Committee Communication

**Date:** January 15, 2016

**To:** Audit Committee

**From:** Michael Huber, Finance Director

**Re:** Transition Budget Update and Competitive Assistance Grant Program Close-out Report from Oakland County

**Background:** To carry out the legal, financial, and operational tasks to stand-up the Great Lakes Water Authority ("GLWA") and the City of Detroit Water & Sewerage Department Local Retail System ("DWSD-R"), the Board of Water Commissioners (BOWC) established funding of \$6.2 million in addition to \$3.8 million of funding from the Competitive Grant Assistance Program (CGAP) obtained by Oakland County.

**Analysis:** Attached is a report from Oakland County which provides a final accounting of the CGAP grant.

It should be noted that of the \$6.2 million of funding from the BOWC, approximately \$4.5 million remains unspent and \$1.3 million is uncommitted as of January 11, 2016.

**Budget Impact:** None.

**Proposed Action:** None.



COMPETITIVE GRANT ASSISTANCE PROGRAM (FY-2014 ROUND 2)

OAKLAND COUNTY, MICHIGAN

As of 01/12/2016

Grant No. 105046-14

Expense Categories	CGAP Budget 11/25/2015 Amendment	Request for Reimbursement - Oakland County Paid as of January 12, 16	Request for Reimbursement - Detroit Paid as of January 12, 16	Invoiced paid/received by Oakland County and not yet included on Reimbursement Request	Paid by Detroit - Oakland Waiting for Complete Documentation	Invoiced to Detroit - Not Yet Paid	Total expenditures paid and accrued	Remaining Budget Available
Governance	\$ 1,107,353.00	\$ 610,437.00	\$ 495,915.00	\$ -	\$ -	\$ -	\$ 1,107,353.00	-
Accounting & Finance Support	231,288.00	231,288.00	-	-	-	-	\$ 231,288.00	-
Regulatory Permitting	-	-	-	-	-	-	-	-
Stakeholder Engagement	-	-	-	-	-	-	-	-
DWSD Retail Implementation	-	-	-	-	-	-	-	-
Operation / Peer Review / Optimization	1,076,700.00	-	1,076,700.00	-	-	-	\$ 1,076,700.00	-
Program Management	1,105,294.00	600,537.00	183,639.00	-	221,130.00	99,988.00	\$1,105,294.00	-
Retro Billing	279,365.00	279,365.00	-	-	-	-	\$ 279,365.00	-
Unallocated Budget	-	-	-	-	-	-	\$ -	-
<b>TOTAL</b>	<b>\$ 3,800,000.00</b>	<b>\$ 1,721,627.00</b>	<b>\$ 1,757,255.00</b>	<b>\$ -</b>	<b>\$ 221,130.00</b>	<b>\$ 99,988.00</b>	<b>\$ 3,800,000.00</b>	<b>\$ -</b>
Reimbursement Request Recap Paid by Oakland County	\$ 1,721,627							
Paid by City of Detroit	\$ 1,757,255							
<b>TOTAL REQUEST</b>	<b>\$ 3,478,882</b>							

CGAP Detail as of 1/12/2016											
Expense Categories	Budget - Activities (30 characters)	Budget - CGAP Award (PeopleSoft amendment 12-16-2015)	Paid by Oakland County - Reimbursement request sent of 1/12/2016	Invoked to GLWA - Not Yet Included Reimbursement Request	Paid by Detroit - Documentation received & Reimbursement request sent	Paid by Detroit - Oakland waiting for Complete Documentation	Invoked to Detroit - Not Paid Yet	Total expenditures rounding	Total expenditures (whole dollar)	Remaining Budget Available	
Budget - Activities (30 characters)	Fin Mgmt-Dickinson Wright Bond Ord	47,445.00	47,445.00					47,445.00			
Accounting & Finance Support	Fin Mgmt-Dickinson Wright Bond Ord	0.00						0.00			
Accounting & Finance Support	Fin Mgmt-Dickinson Wright Bond Ord	39,513.00	39,513.00					39,513.00			
Accounting & Finance Support	Fin Mgmt-Miller-Candfield Bond Ord	0.00						0.00			
Accounting & Finance Support	Fin Mgmt-Gabriel Actuals Sves	0.00						0.00			
Accounting & Finance Support	Fin Mgmt-Pharis Opening Balsh	34,910.00	34,910.00					34,910.00			
Accounting & Finance Support	Fin Mgmt-Pharis Asst Ctrl Prem	100,000.00	100,000.00					100,000.00			
Accounting & Finance Support	Legal Services Clark Hill	9,420.00	9,420.00					9,420.00			
Accounting & Finance Support Total		231,288.00	231,288.00					231,288.00	231,288.00		
DWSD Retail Implementation	HR Employment Issues-Allen-DWSD R	0.00									
DWSD Retail Implementation Total											
Governance	HR Labor Counsel Buttel Long	15,581.98	15,581.98					15,581.98			
Governance	Exec Leadership Labor Counsel	21,871.54	21,871.54					21,871.54			
Governance	Govm CEO Search Miller Cabot	33,000.00	33,000.00					33,000.00			
Governance	Gov GLWA Lease Legal Dickinson	399,492.50	399,492.50					399,492.50			
Governance	Gov Pension Dickinson Wright	65,490.00	65,490.00					65,490.00			
Governance	Gov-Communication/Firm Partners	75,000.00	75,000.00					75,000.00			
Governance	Govm-Detroit Counsel Miller	496,916.00	496,916.00					496,916.00			
Governance Total		1,107,352.02	1,107,352.02					1,107,352.02	1,107,353.00		
Operation / Peer Review / Optimization	Planning-imp Veolia Phase I	919,177.00	919,177.00					919,177.00			
Operation / Peer Review / Optimization	Planning-imp Veolia Phase II	157,522.68	157,522.68					157,522.68			
Operation / Peer Review / Optimization Total		1,076,699.68	1,076,699.68					1,076,699.68	1,076,700.00		
Program Management	Admin Galarud Rothstein	5504,757.40	5504,757.40					5504,757.40			
Program Management	Admin OHM Proj Mgmt	387,067.05	387,067.05					387,067.05			
Program Management	Admin Projection-Public Image	218,471.00	218,471.00					218,471.00			
Program Management Total		1,105,295.45	1,105,295.45					1,105,295.45	1,105,294.00		
Retro Billing	Admin Legal Dickinson Wright	68,315.00	68,315.00					68,315.00			
Retro Billing	Admin Legal Young and Assoc	87,384.00	87,384.00					87,384.00			
Retro Billing	Admin UHY	123,665.85	123,665.85					123,665.85			
Retro Billing Total		279,364.85	279,364.85					279,364.85	279,365.00		
Unallocated Budget		0.00									
Unallocated Budget Total											
Totals		53,800,000.00	3,723,626.92		1,757,254.68	231,329.93	99,988.47	3,800,000.00	3,800,000.00		
Reimbursement Request Recap:											
Request1	Paid by Oakland County	461,096.00	461,096.00								
Request2	Request1	167,772.00	892,816.00	1,060,588.00	1,960,588.00						
Request3	Request2	211,541.00	122,522.00	334,063.00	334,063.00						
Request4	Request3	332,305.00	218,511.00	350,816.00	132,305.00	218,511.00					
Request5	Request4	184,681.00		184,681.00	184,681.00						
Request6	Request5	329,860.00		329,860.00	329,860.00						
Request7	Request6	86,108.00	174,394.00	374,394.00	374,394.00						
Request8	Request7	92,394.00	149,012.00	149,012.00	149,012.00						
Request9	Request8	9,420.00	9,420.00	9,420.00	9,420.00						
Request10	Request9	46,450.00	46,450.00	46,450.00	46,450.00						
Total		1,721,627.00	1,757,255.00	3,478,882.00	3,855,489.00	423,393.00					

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COMPETITIVE GRANT ASSISTANCE PROGRAM  
City of Detroit, MICHIGAN  
Grant No. 105046-14

Vendor	Invoice#	Invoice Date	Performance Period	Invoice amt	Check Date	Check#	Amt paid	Request Total
Galardi Rothstein	448	10/09/14	9/1/14 - 10/4/14	39,409.78	10/24/14	3308342	39,409.78	39,409.78
Galardi Rothstein	450	10/27/14	10/6/14 - 10/29/14	37,287.67	11/21/14	3309792	37,287.67	37,287.67
Galardi Rothstein	456	11/30/14	11/1/14 - 11/30/14	34,570.37	01/09/15	3313129	34,570.37	34,570.37
Galardi Rothstein	463	01/04/15	12/1/14 - 12/22/14	29,814.69	01/09/15	3313165	29,814.69	29,814.69
Galardi Rothstein	466	01/30/15	12/30/14 - 1/30/15	42,556.78	02/27/15	3317042	42,556.78	42,556.78
Request#2B Total (whole dollar)								183,639.00
Galardi Rothstein Group Total								183,639.00

Vendor	Invoice#	Invoice Date	Performance Period	Invoice amt	Check Date	Check#	Amt paid	Request Total
Veolia	00043667	11/21/14	07/01/14-9/30/14	757,554.72				47,053.95
Veolia	00044281	12/19/14	9/01/14-9/30/14	110,821.06				110,821.06
Veolia	00046092	05/04/15	11/01/14 12/31/14	60,635.71	07/20/15	3330300	218,510.72	60,635.71
Request#4B Total (whole dollar)								218,511.00
Veolia	00043690	11/25/14		110,000.00	10/08/15	3335823	110,000.00	110,000.00
Veolia	00047989	05/06/15	10/01/14 10/30/14	31,638.86	10/08/15	3335823	31,638.86	31,638.86
Veolia	00044368	12/19/14	9/01/14-9/30/14	7,372.82	10/08/15	3335823	7,372.82	7,372.82
Total								149,011.68
Request#6B Total (whole dollar)								149,012.00
Veolia Water North America Total								1,076,700.60

Vendor	Invoice#	Invoice Date	Performance Period	Invoice amt	Check Date	Check#	Amt paid	Request Total
Miller Canfield	1276665	04/16/15	12/1/14 12/31/14	4,918.32	05/29/15	3325964	4,918.32	4,918.32
Miller Canfield	1277761	04/16/15	1/1/15-1/31/15	7,616.22	05/29/15	3325964	7,616.22	7,616.22
Miller Canfield	1277764	04/16/15	2/1/15-2/28/15	27,383.90	05/29/15	3325964	27,383.90	27,383.90
Miller Canfield	1277784	04/16/15	3/1/15 3/31/15	82,603.13	05/29/15	3325964	82,603.13	82,603.13
Request#3B Total (whole dollar)								122,522.00
Miller Canfield	1280231	05/20/15	4/1/15-4/30/15	95,467.02	07/10/15	3329725	95,467.02	95,467.02
Miller Canfield	1283052	06/11/15	5/1/15 5/31/15	147,492.94	06/26/15	3328574	147,492.94	147,492.94
Miller Canfield	1285397	07/09/15	6/1/15 6/30/15	131,433.63	08/14/15	3332383	131,433.63	131,433.63
Request#5B Total (whole dollar)								374,394.00
Miller Canfield Total								496,916.00
Request (Detroit) Total								1,757,255.00

Invoices are accrued in FY2015

Vendor	Invoice#	Invoice Date	Performance Period	Invoice amt	Check Date	Check#	Amt paid	Request Total
Galardi Rothstein	468			34,687.18				34,687.18
Galardi Rothstein	473			47,297.13				47,297.13
Galardi Rothstein	479			43,518.09				43,518.09
Galardi Rothstein	482			40,633.20				40,633.20
Galardi Rothstein	484			54,994.33				54,994.33
Galardi Rothstein	491			47,088.08				47,088.08
Galardi Rothstein	495			42,573.34				42,573.34
Galardi Rothstein	501			37,170.97				10,327.05
Total				347,962.32			Total accrual	321,118.40

Voucher	Line #	Journal ID	Line #	Period	Fund	Dept	Program	Project	Activity	Bud Ref	Account	Amount	Actual	Used	Invoice	Vendor	Name	Owner		
00971022	0	0000201317	2	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	132,208.00							
	1	APV2073660	0	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	31,304.50	159483			00000000873	Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project	
	2	0000201318	2	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	776.18	159483			00000000873	Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project	
	3	APV2073661	0	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	177,116.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	4	0000201319	4	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	5,037.50						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	5	0000201320	5	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	64,311.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	6	0000201321	6	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	25,445.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	7	0000201322	7	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	14,351.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	8	0000201323	8	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	2,916.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	9	0000201324	9	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	3,540.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	10	0000201325	10	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	8,144.50						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	11	0000201326	11	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	28,330.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	12	0000201327	12	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	7,782.50						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	13	0000201328	13	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	87,334.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	14	0000201329	14	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	15,358.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	15	0000201330	15	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	38,568.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	16	0000201331	16	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	170,161.00						Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	17	0000201332	17	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	21,000.00	159483				00000000873	Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	18	0000201333	18	4 29225 1010101	181000			GR00000000599 A	ADLM_LEGAL_DW	2014	731458	Professional Services	15,942.50	159483					Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	19	0000201334	19																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	20	0000201335	20																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	21	0000201336	21																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	22	0000201337	22																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	23	0000201338	23																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	24	0000201339	24																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	25	0000201340	25																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	26	0000201341	26																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	27	0000201342	27																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	28	0000201343	28																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	29	0000201344	29																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	30	0000201345	30																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	31	0000201346	31																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	32	0000201347	32																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	33	0000201348	33																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	34	0000201349	34																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	35	0000201350	35																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	36	0000201351	36																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	37	0000201352	37																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	38	0000201353	38																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	39	0000201354	39																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	40	0000201355	40																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	41	0000201356	41																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	42	0000201357	42																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	43	0000201358	43																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	44	0000201359	44																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	45	0000201360	45																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	46	0000201361	46																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	47	0000201362	47																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	48	0000201363	48																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	49	0000201364	49																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	50	0000201365	50																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	51	0000201366	51																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	52	0000201367	52																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	53	0000201368	53																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	54	0000201369	54																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	55	0000201370	55																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	56	0000201371	56																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	57	0000201372	57																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	58	0000201373	58																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	59	0000201374	59																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	60	0000201375	60																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	61	0000201376	61																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	62	0000201377	62																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	63	0000201378	63																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	64	0000201379	64																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	65	0000201380	65																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	66	0000201381	66																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	67	0000201382	67																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	68	0000201383	68																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	69	0000201384	69																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	70	0000201385	70																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	71	0000201386	71																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	72	0000201387	72																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	73	0000201388	73																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	74	0000201389	74																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	75	0000201390	75																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	76	0000201391	76																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	77	0000201392	77																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	78	0000201393	78																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	79	0000201394	79																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	80	0000201395	80																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	81	0000201396	81																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	82	0000201397	82																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	83	0000201398	83																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
	84	0000201399	84																Orchard H&Z and McClelland Inc	Price Schedule 2012 WRC Project
00971022	85	0000201400	85																	



Voucher	Line	Journal ID	Line #	Period	Fund	Dept	Program	Project	Activity	Bud Ref	Account	Account Title	Amount	Open	Unit	Invoice	Vendor	Name	Debit	
0104042	0	0000221533	2	12	2525	1010101	101000	GR0000000899	FIN, BO, DISBURSEMENT	2014	731458	Professional Services	2,546.00						GR0599 - to redressly one perm	
	0	0000221507	5	12	2525	1010101	101000	GR0000000899	GOV, GLWALEGALDW	2014	731458	Professional Services	13,740.00						GR0599 - to redressly one perm	
	0	0000221507	10	12	2525	1010101	101000	GR0000000899	GOV, GLWALEGALDW	2014	731458	Professional Services	14,920.00						GR0599 - to redressly one perm	
	1	APV2213199	0	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731458	Professional Services	14,920.00						Great Lakes Water Authority (GL	
	1	APV2213199	0	12	2525	1010101	101000	GR0000000899	HR, BUTZEL, LONG	2014	731458	Professional Services	2,168.52				8584401	0000000009	Barclay Long PC	
01040254	0	0000221544	1	12	2525	1010101	101000	GR0000000899	HR, BUTZEL, LONG	2014	731458	Professional Services	8,724.19				8601479	0000000009	Barclay Long PC	
	0	0000221543	1	12	2525	1010101	101000	GR0000000899	GOV, CLARK, HILL	2014	731458	Professional Services	9,420.00						Clark Hill PLC for NRC	
	1	APV2217135	0	12	2525	1010101	101000	GR0000000899	GOV, CLARK, HILL	2014	731458	Professional Services	9,420.00				JULY-AUG 2015	0000002789	Clark Hill PLC	
	0	0000221543	1	12	2525	1010101	101000	GR0000000899	FIN, BO, DISBURSEMENT	2014	731458	Professional Services	15,200.00						Declaration Weight Inc	
	1	APV2217140	0	12	2525	1010101	101000	GR0000000899	FIN, BO, DISBURSEMENT	2014	731458	Professional Services	15,200.00				1023591	0000001971	Declaration Weight Inc	
01044597	0	0000221539	1	12	2525	1010101	101000	GR0000000899	GOV, GLWALEGALDW	2014	731458	Professional Services	13,230.00						Declaration Weight Inc	
	0	0000221510	3	12	2525	1010101	101000	GR0000000899	GOV, GLWALEGALDW	2014	731458	Professional Services	13,230.00						Declaration Weight Inc	
	1	APV2217140	0	12	2525	1010101	101000	GR0000000899	GOV, GLWALEGALDW	2014	731458	Professional Services	13,230.00				1023590	0000001971	Declaration Weight Inc	
	0	0000221542	1	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731458	Professional Services	17,850.00						Declaration Weight Inc	
	0	0000221890	4	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731458	Professional Services	17,850.00						Declaration Weight Inc	
	0	0000221509	3	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	44,150.00						Galard Robinson Inc	
	0	0000221509	7	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	44,150.00						Galard Robinson Inc	
	0	0000221509	4	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	40,833.20						Galard Robinson Inc	
	0	0000221509	1	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	34,887.18						Galard Robinson Inc	
	0	0000221509	8	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	10,327.05						Galard Robinson Inc	
	0	0000221509	5	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	54,994.33						Galard Robinson Inc	
	0	0000221509	2	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	47,797.13						Galard Robinson Inc	
	0	0000221509	6	12	2525	1010101	101000	GR0000000899	GOV, PENSION DOW	2014	731465	Program	43,208.06						Galard Robinson Inc	
	Grand Total (Requesters)													331,118.40						
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Doc#	Activity	Journal ID	Date	Year	Period	Account	Dept	Open	Program	Fund	Acctg Date	Ref	Name	Voucher	PO No.	BID Amount
ADL_PROJHM_PUB Totl																
Comp Grant Asset GLWA	ADL_UHY	0000208304	1/1/2015	2015	4	730373	1010101		181000	29225	1/1/2015	V892534				218,471.00
Comp Grant Asset GLWA	ADL_UHY	0000208300	1/1/2015	2015	4	730373	1010101		181000	29225	1/1/2015	V892530				9,810.00
Comp Grant Asset GLWA	ADL_UHY	0000208302	1/1/2015	2015	4	730373	1010101		181000	29225	1/1/2015	V892532				11,179.89
Comp Grant Asset GLWA	ADL_UHY	0000208303	1/1/2015	2015	4	730373	1010101		181000	29225	1/1/2015	V892533				10,982.11
ADL_UHY Totl																
Comp Grant Asset GLWA	EXP	APV7060278	12/22/2014	2015	3	731458	1010101		181000	29225	12/22/2014		Orchard H&Z and L&C Investment Inc	00901378	0000238616	15,356.00
Comp Grant Asset GLWA	EXP	APV7071860	1/25/2015	2015	4	731458	1010101		181000	29225	1/25/2015		Project Innovations Inc	00971053	0000240164	21,189.50
Comp Grant Asset GLWA	EXP	0000208309	1/1/2015	2015	4	731458	1010101		181000	29225	1/1/2015	V891270				(21,189.50)
Comp Grant Asset GLWA	EXP	0000208307	1/1/2015	2015	4	731458	1010101		181000	29225	1/1/2015	V891278				(15,356.00)
EXP Totl																
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7121313	4/17/2015	2015	7	731458	1010101		181000	29225	4/17/2015		Declension Wghm PLLC	00981812	0000241963	6,610.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7144689	5/26/2015	2015	8	731458	1010101		181000	29225	5/26/2015		Declension Wghm PLLC	00981812	0000241964	4,221.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7171834	1/14/2015	2015	10	731458	1010101		181000	29225	7/14/2015		Declension Wghm PLLC	01016931	0000248134	6,180.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7191818	7/28/2015	2015	16	731458	1010101		181000	29225	7/28/2015		Declension Wghm PLLC	01016931	0000248134	5,000.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7211725	6/4/2015	2015	12	731458	1010101		181000	29225	6/4/2015		Declension Wghm PLLC	01021754	0000251274	3,560.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7233399	9/28/2015	2015	12	731458	1010101		181000	29225	9/28/2015		Declension Wghm PLLC	01000023	0000252310	2,560.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	0000221443	9/28/2015	2015	12	731458	1010101		181000	29225	9/28/2015		Declension Wghm PLLC			15,210.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	APV7281740	12/8/2015	2016	3	731458	1010101		181000	29225	12/8/2015		Declension Wghm PLLC	01046602	0000256181	15,210.00
Comp Grant Asset GLWA	FIN_BD_DICKINSON	0000228913	12/11/2015	2016	7	731458	1010101		181000	29225	12/11/2015		Declension Wghm PLLC			(15,210.00)
FIN_BD_DICKINSON Totl																
Comp Grant Asset GLWA	FIN_BD_MILLER	APV7164723	5/26/2015	2015	8	731458	1010101		181000	29225	5/26/2015		Usher Carlsfeld Paddock and Stone	00981750	0000245935	21,432.00
Comp Grant Asset GLWA	FIN_BD_MILLER	APV7155000	6/11/2015	2015	9	731458	1010101		181000	29225	6/11/2015		Usher Carlsfeld Paddock and Stone	01002681	0000246549	17,505.70
Comp Grant Asset GLWA	FIN_BD_MILLER	APV7164844	6/22/2015	2015	8	731458	1010101		181000	29225	6/22/2015		Usher Carlsfeld Paddock and Stone	01005064	0000247238	10,081.00
Comp Grant Asset GLWA	FIN_BD_MILLER	0000218828	7/21/2015	2015	10	731458	1010101		181000	29225	7/21/2015	V01002561				(17,505.70)
FIN_BD_MILLER Totl																
Comp Grant Asset GLWA	FIN_PLANTHE_ASST	APV7108655	3/21/2015	2015	6	731458	1010101		181000	29225	3/21/2015		Plante and Moran PLLC	00912770	0000247528	39,513.00
Comp Grant Asset GLWA	FIN_PLANTHE_ASST	APV7213009	5/12/2015	2015	8	731458	1010101		181000	29225	5/12/2015		Plante and Moran PLLC	00993186	0000247530	24,700.00
Comp Grant Asset GLWA	FIN_PLANTHE_ASST	APV7216707	8/21/2015	2015	9	731458	1010101		181000	29225	8/21/2015		Plante and Moran PLLC	01003814	0000247405	15,300.00
Comp Grant Asset GLWA	FIN_PLANTHE_ASST	APV7219433	6-5/2015	2015	11	731458	1010101		181000	29225	6/5/2015		Plante and Moran PLLC	01016631	0000248708	100,000.00
FIN_PLANTHE_ASST Totl																
Comp Grant Asset GLWA	FIN_PLANTHE_STAT	APV7213008	5/1/2015	2015	8	731458	1010101		181000	29225	5/1/2015		Plante and Moran PLLC	00993185	0000247528	12,600.00
Comp Grant Asset GLWA	FIN_PLANTHE_STAT	APV7216707	8/21/2015	2015	9	731458	1010101		181000	29225	8/21/2015		Plante and Moran PLLC	01005319	0000247406	12,400.00
Comp Grant Asset GLWA	FIN_PLANTHE_STAT	APV7219433	6-5/2015	2015	11	731458	1010101		181000	29225	6/5/2015		Plante and Moran PLLC	01016631	0000248709	8,810.00
FIN_PLANTHE_STAT Totl																
Comp Grant Asset GLWA	GOV_CEO_CABOT Totl	APV7270430	8/17/2015	2015	11	731458	1010101		181000	29225	8/17/2015		Usher Carlsfeld Paddock and Stone	01070015	0000256459	33,000.00
Comp Grant Asset GLWA	GOV_CEO_CABOT Totl	0000224544	9/27/2015	2015	12	731458	1010101		181000	29225	9/27/2015		Usher Carlsfeld Paddock and Stone			33,000.00
GOV_CEO_CABOT Totl																
Comp Grant Asset GLWA	GOV_CLARK_HILL	APV7227135	1/15/2015	2016	2	731458	1010101		181000	29225	1/15/2015		Clark Hill LLC	01040234	0000255048	9,420.00
Comp Grant Asset GLWA	GOV_CLARK_HILL	0000227310	1/19/2015	2016	2	731458	1010101		181000	29225	1/19/2015		Clark Hill LLC			(9,420.00)
GOV_CLARK_HILL Totl																
Comp Grant Asset GLWA	GOV_COMU_FNN Totl	APV7168813	7/20/2015	2015	10	731458	1010101		181000	29225	7/20/2015		Free Partners Inc	01012312	0000248821	45,000.00
Comp Grant Asset GLWA	GOV_COMU_FNN	APV7225410	9/17/2015	2015	12	731458	1010101		181000	29225	9/17/2015		Free Partners Inc	01027534	0000252150	15,000.00
Comp Grant Asset GLWA	GOV_COMU_FNN	APV7225410	9/17/2015	2015	12	731458	1010101		181000	29225	9/17/2015		Free Partners Inc	01027531	0000252149	15,000.00
GOV_COMU_FNN Totl																
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV712713	4/17/2015	2015	7	731458	1010101		181000	29225	4/17/2015		Declension Wghm PLLC	00919183	0000253678	75,900.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV714489	5/26/2015	2015	8	731458	1010101		181000	29225	5/26/2015		Declension Wghm PLLC	00993183	0000253678	70,510.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV7198116	6/4/2015	2015	11	731458	1010101		181000	29225	6/4/2015		Declension Wghm PLLC	01016275	0000254188	76,360.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV7226708	8/15/2015	2015	11	731458	1010101		181000	29225	8/15/2015		Declension Wghm PLLC	01016275	0000254188	52,720.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV7226708	8/15/2015	2015	11	731458	1010101		181000	29225	8/15/2015		Declension Wghm PLLC	01016275	0000254188	49,427.50
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV721775	6/4/2015	2015	12	731458	1010101		181000	29225	6/4/2015		Declension Wghm PLLC	01016275	0000254188	110,427.50
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V1018109				23,020.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015		Declension Wghm PLLC	01021784	0000251273	(11,789.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015		Declension Wghm PLLC			13,320.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V1030021				(14,920.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V0810101				30,940.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V0810101				(1,070.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V1018275				(0,270.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V1018275				(6,670.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000224539	8/20/2015	2015	12	731458	1010101		181000	29225	8/20/2015	V1021798				31,170.00
Comp Grant Asset GLWA	GOV_GLVALEGALDW	APV7281740	12/8/2015	2016	3	731458	1010101		181000	29225	12/8/2015		Declension Wghm PLLC	01046597	0000256360	(17,850.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000228910	12/11/2015	2016	7	731458	1010101		181000	29225	12/11/2015		Declension Wghm PLLC			(13,320.00)
Comp Grant Asset GLWA	GOV_GLVALEGALDW	0000228910	12/11/2015	2016	7	731458	1010101		181000	29225	12/11/2015		Declension Wghm PLLC			394,482.50
GOV_GLVALEGALDW Totl																
Comp Grant Asset GLWA	GOV_MILLER_DET	0000216398	8/20/2015	2015	9	731465	1010101	83000	181000	29225	8/20/2015	REQUEST739				122,522.00
Comp Grant Asset GLWA	GOV_MILLER_DET	0000225059	9/30/2015	2015	12	731465	1010101	83000	181000	29225	9/30/2015	REQUEST758				374,394.00
GOV_MILLER_DET Totl																
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015	V1018275				6,270.00
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015	V1018275				19,760.00
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015	V1018275				8,870.00
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015	V1018275				14,870.00
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015	V999181				1,070.00
Comp Grant Asset GLWA	GOV_PENSION_OW	0000224897	9/30/2015	2015	12	731458	1010101		181000	29225	9/30/2015					(17,850.00)
Comp Grant Asset GLWA	GOV_PENSION_OW	0000228910	12/11/2015	2016	7	731458	1010101		181000	29225	12/11/2015					(17,850.00)
Comp Grant Asset GLWA	GOV_PENSION_OW	0000228910	12/11/2015	2016	7	731458	1010101		181000	29225	12/11/2015					17,850.00



Doc#	Activity	Journal ID	Date	Year	Period	Account	Dept	Unit	Program	Fund	Acct Date	Ref	Name	Voucher	PO No.	BU Amount
	GOV_PENSION_DW Total															65,480.00
Comp Grant Assist GLWA	HR_BUTZEL_LONG	APV225587	6/18/2015	2015	11	731458	1010101	1010101	181000	29225	6/18/2015		Budget Long PC	01020150	0000210518	8,815.46
Comp Grant Assist GLWA	HR_BUTZEL_LONG	APV225589	9/29/2015	2015	12	731458	1010101	1010101	181000	29225	9/29/2015		Budget Long PC	01030382	0000213784	5,940.00
Comp Grant Assist GLWA	HR_BUTZEL_LONG	APV225589	9/29/2015	2015	12	731458	1010101	1010101	181000	29225	9/29/2015		Budget Long PC	01030384	0000213780	2,786.52
Comp Grant Assist GLWA	HR_BUTZEL_LONG Total															16,541.98
Comp Grant Assist GLWA	HR_EXLEADHILLER	0000216828	7/24/2015	2015	10	731458	1010101	1010101	181000	29225	7/24/2015	VS1002641				17,503.70
Comp Grant Assist GLWA	HR_EXLEADHILLER	APV219158	7/28/2015	2015	10	731458	1010101	1010101	181000	29225	7/28/2015		Major Canfield Padgett and Stone	01014536	0000210403	4,263.84
Comp Grant Assist GLWA	HR_EXLEADHILLER Total															21,767.54
Comp Grant Assist GLWA	PLAN_VEOLIA1	0000216420	6/25/2015	2015	9	731465	1010101	63000	181000	29225	6/25/2015	REQUEST1728				789,177.00
Comp Grant Assist GLWA	PLAN_VEOLIA1	0000235047	8/26/2015	2015	12	731465	1010101	63000	181000	29225	8/26/2015	REQUEST1418				210,000.00
Comp Grant Assist GLWA	PLAN_VEOLIA1 Total															999,177.00
Comp Grant Assist GLWA	PLAN_VEOLIA2	0000235047	8/26/2015	2015	12	731465	1010101	63000	181000	29225	8/26/2015	REQUEST1418				8,511.00
Comp Grant Assist GLWA	PLAN_VEOLIA2	0000226039	8/26/2015	2015	12	731465	1010101	63000	181000	29225	8/26/2015	DNV44358				7,372.82
Comp Grant Assist GLWA	PLAN_VEOLIA2	0000226039	8/26/2015	2015	12	731465	1010101	63000	181000	29225	8/26/2015	DNV44359				110,000.00
Comp Grant Assist GLWA	PLAN_VEOLIA2	0000226039	9/30/2015	2015	12	731465	1010101	63000	181000	29225	9/30/2015	DNV44368				31,538.28
Comp Grant Assist GLWA	PLAN_VEOLIA2 Total															187,822.88
Grand Total																3,800,800.00



City of Detroit  
Water & Sewerage Department  
Financial Services Division

DT: November 12, 2015

TO: Board of Water Commissioners (BOWC) Finance Committee

FM: Nicolette Baleson, CPA, Chief Financial Officer

RE: CFO Report

**DWSD-R/GLWA Stand-up**

The Detroit Water & Sewerage Department (DWSD) staff is embracing change at an unprecedented pace. The stand-up of the Great Lakes Regional Water Authority (GLWA) and the restructured, retail focused DWSD is progressing well – both with the major conditions precedent tasks and with a long list of tasks behind the scenes.

Every opportunity to move toward stand-up of both entities is also is an opportunity to improve. In December 2015, the BOWC and GLWA Board will receive an update on the Day One vision. For now, we have attached the Planning Implementation Team update on many of the stand-up activities. This report will be presented by Michael Huber who has been a member of the Planning Implementation Team since its inception earlier in the year. Mike has recently joined our team as the Finance Director. We are fortunate to have someone with Mike's extensive background in finance and operations as well as the knowledge about the DWSD-R/GLWA transition in this key role.

**Other Good News**

On Monday, Standard & Poor's issued a report based upon its surveillance review of DWSD. The outcome was a one-notch upgrade on DWSD's Senior Lien debt. A table of DWSD's recent ratings history is attached.

Key ratings considerations supporting the upgrade include: progress in standing up the GLWA; stabilizing financial profile supported by revised rate methodologies and various cost-control efforts; a diverse revenue stream from a large number of wholesale customers; adequate-to-good historical financial performance, with projections that indicate generally improving conditions; based on income indicators for the Detroit metropolitan statistical area (MSA), the rates are considered affordable; and management policies and procedures that they generally consider strong

Offsetting those factors are areas that we recognize and are mid- to long term issues which we consider when developing the long-term financial plan: significant economic stress in Detroit,

which could continue to place downward pressure on utility collection rates in the city; a large amount of accounts receivable combined with allowances for doubtful accounts that is significant; based on the significantly lower income indicators for Detroit, the wholesale rates are considered significantly less affordable when compared to suburban residents; and high system leverage.

REGIONAL REFORM IN HISTORIC PERSPECTIVE:  
METROPOLITAN PLANNING INSTITUTIONS IN DETROIT, 1950-1990

by

Philip J. D'Anieri

A dissertation submitted in partial fulfillment  
of the requirements for the degree of  
Doctor of Philosophy  
(Urban and Regional Planning)  
in The University of Michigan  
2007

Doctoral Committee:

Associate Professor Scott D. Campbell, Chair  
Professor Margaret E. Dewar  
Professor Robert L. Fishman  
Associate Professor Matthew D. Lassiter

## **Chapter 1**

### **Introduction**

Bruce Katz, in the foreword to Myron Orfield's influential call for greater regionalism in American urban governance, says Orfield's ambitious regionalism presents "a compelling vision of how to achieve environmental quality, economic competitiveness, and racial and social justice in metropolitan America." The scholars Gerald Benjamin and Richard Nathan, however, have serious doubts. "Even the purest of redistributive metropolitanists must acknowledge that their approach usually has failed to be adopted, especially in the largest metropolitan areas." And the attorney Paul Dimond is especially skeptical. "It makes no economic sense to consider any form of regional government that seeks income or general service redistribution through regional taxation."<sup>1</sup>

These authors may have differing opinions about regionalism, but their analyses share a critical assumption, one shared by nearly every scholar and commentator on this topic. They assume that "regionalism," in its many forms, is an exceptional phenomenon—not just infrequently occurring, but distinct from and in opposition to a "localism" that dominates planning in urbanized America. Regionalism, under this framework, is the exception to the rule of localism. Advocates differ over whether it is an advisable exception or a foolhardy one; scholars differ over where such exceptions come from and how likely they are to occur.

But the assumption that regional policy making is an oppositional exception to naturally occurring localism is actually quite problematic, for two reasons. First, it underestimates the degree to which regional planning is already deeply integrated into the development of metropolitan America. In the actual practice of metropolitan development, it is clear that local and regional planning agencies share the regulatory landscape and operate very much in concert with one another. Any single development project, whether a greenfield subdivision or downtown revitalization project, is dependent not just on land-use planning traditionally carried out by a municipal government, but on environmental regulation, transportation funding, water and sewer service, taxation agreements, and a host of other planning interventions carried out by county, regional, state, and federal authorities. The functional planning of the metropolis is a multi-tiered enterprise, involving a variety of agencies operating at a wide range of geographic scales.

Trying to understand a region's development patterns strictly in terms of its municipal governments' zoning maps, for example, would obviously be an incomplete exercise. It would ignore, among other things, the regional highway development plan put together by the federally mandated Metropolitan Planning Organization. Nor, obviously, would a look at the regional transportation plan be sufficient, absent an understanding of municipal zoning patterns. As distinct or different as these local and regional planning institutions may be, as a practical matter they function together every day in the actual planning of metropolitan development. That is, each agency's individual actions and plans accumulate, whether by accident or design, to yield the on-the-ground development changes and patterns we see every day. For this reason alone, it

is important to investigate “local” and “regional” planning together, as components of a single metropolitan complex of institutions, because in practice they function that way.

Secondly, the assumption of regional exceptionalism is sharply at odds with the actual history of governance in the American metropolis. It imagines a sharp division between, on the one hand, municipal governments that are centuries old and so deeply ingrained in the American political psyche as to be immutable, and on the other, new-fangled regional agencies that lack the necessary historical substance and track record to be politically viable. In fact, the historical literature strongly indicates that this purported distinction between longstanding localism and Johnny-come-lately regionalism is deeply flawed. Instead, as the ensuing literature review will make clear, there is considerable evidence to indicate that today’s “local” and “regional” planning institutions are products of the same post-World-War-II process of institution building by state governments, and they not surprisingly, therefore, share the same mandate.

In short, the conventional wisdom that assumes local and regional planning institutions to be unique from and antagonistic toward one another is at best incomplete. The alternative viewpoint—that these institutions are so functionally and historically intertwined as to be, essentially, complementary parts of a single system of planning in the metropolis—merits further investigation. Three basic questions present themselves:

1. What political process or processes—driven by which actors, operating through which means of influence, responsive to which mandates—shaped these institutions and thereby created the contemporary system of planning an American urban region?
2. How does this history inform our understanding of planning in urban America today; that is, what priorities or tendencies are embedded—intentionally or otherwise—in the institutions of metropolitan planning by the design of those institutions?

3. How does a historically grounded understanding of metropolitan planning institutions change the debate—in both scholarly and policy circles—about the possibilities of metropolitan regionalism going forward?

This dissertation answers the first question in considerable historical detail, and in so doing leverages a broader body of work to answer the second and third questions. It makes a contribution to the existing literature on the history of governance and planning in the metropolis by examining in detail a single metropolitan area, Detroit. It tells the story of the development in the postwar period of the variety of planning institutions—local governments regulating land use, the central city’s provision of water and sewer service to the metropolis, the state government’s funding of local road construction, and the central city’s and suburbs’ independent development of competing mass transit systems—that together constitute a broad and substantial portion of the functional planning of the metropolitan region.

In Detroit, a recurring cast of characters—the city and suburban political leadership, the regional business community, and the state and federal governments—negotiated among themselves to design the institutions that facilitated sprawl and to this day govern and plan the metropolis. The contemporary situation that at first glance appears to represent a lack of regionalism—municipal governments zoning land independently of one another, the city and suburbs maintaining separate bus systems—on closer inspection turns out to in many ways be a *result* of regionalism. The regional political community, in repeated negotiations over the right way to govern the region, chose these institutions at the same time as it chose unified region-wide systems to pay for road construction and water provision.



In short, the creation of this one metropolitan region's systems of governance and planning is properly understood as the embodiment of a metropolitan set of preferences expressed time and again on a variety of issues. As the ensuing chapters will demonstrate, the challenge of institution building in the postwar metropolis was explicitly identified as a regional issue, and political actors within the region acted to meet that challenge primarily through policies enacted in and by the state legislature.

In tackling specifically the institutions of *planning* in the metropolis, and studying them together from a *regional* perspective, this case study not only advances the historical literature, but also leverages that body of work to make it directly relevant to contemporary debates about the possibilities of regional planning to solve urban sprawl. In other words, history has something to tell planning scholars and social scientists about the nature of today's planning institutions. This work, in studying one place in detail, not only makes its own contribution to that literature, it also sets the stage for a reassessment of contemporary regional planning debates based on the larger historical literature.

This work is meant to advance planners' insight into what is arguably the most intractable question in the field: how do we stop urban sprawl? If there is anything the public demands of its planners at this time, it is a sensible remedy to the steadily expanding reach of low-density development, and the deleterious effect that sprawl has on the less advantaged populations in the metropolis. The profession rightfully responds to this question with the observation that planners are not empowered to stop sprawl. It is not for a lack of regional plans that sprawl flourishes, but because there is no political forum where such plans can be authoritatively enacted.

So the central question for planners seeking to stop sprawl is fundamentally one of politics and governance, rather than design. Changing contemporary development patterns requires an institutional environment in which an alternative plan could be enacted and followed. This research aims to advance our understanding of that environment, so that the profession can have a clearer picture of just how much promise does or does not exist for the prospect of curtailing sprawl with reformed institutions. It seeks to do that with a careful study of the connections between institutions and planning outcomes in one American metropolis: Detroit.

The Detroit case is used here as a counter case, one that in its actual history and function sharply complicates conventional understandings of regional planning and governance. In the Detroit region, a rapid and unequal decentralization of the urban population created a metropolis with wide disparities—in urban and suburban wealth and in black and white economic well-being. One of the defining features of urban sprawl is the wide gap it creates between the haves and have-nots of the metropolitan region. On any number of measures, detailed later in this chapter, Detroit has experienced this facet of sprawl to an extraordinary degree. If the regional exceptionalists are right, we would expect to find no regionalism here. That we find the opposite—a regional political process building and reinforcing the institutions of this severely sprawled metropolis, provides an especially sharp challenge to the conventional wisdom.

As the conclusion will argue, this work and the work by others it is built upon argue for a vastly different starting point for investigations of metropolitan planning than the conventional wisdom of regional exceptionalism provides. Conventional approaches stress the difference between local and regional planning, and argue in favor of one or the

other based on their seemingly inherent differences. But if both local and regional planning institutions were developed side-by-side as complementary parts of a single metropolitan system—a process described in detail in the ensuing chapters—then distinguishing the geographic scale of planning conducted by one or another agency is far less important than understanding the make-up, operation and substantive priorities of that singular metropolitan system. Further, creating a different kind of planning—serving substantively different goals—is less a matter of tweaking bureaucratic arrangements to create “more” or “less” regionalism, but instead requires changing the underlying regional political priorities, of which the institutions are only a reflection. Institutional change is most accurately viewed as indicative of a larger political change, rather than as the means to effect that change, because the institutions themselves, whether local or regional, were each built around a substantive political mandate. Metropolitan Detroit’s sprawling development patterns are not the result of pre-existing localist governance arrangements with which it was saddled; quite the contrary, metropolitan actors built a set of institutions, local *and* regional, that embraced sprawl.

### **Literature review**

The central ambition of this dissertation is to historicize regional planning, defined here as the broad constellation of institutions that together guide the development of the metropolitan region. It describes for one place the process of local, state, and federal political leaders building a tiered system of municipal and regional governance that embraced a particular pattern of metropolitan development. First, it is necessary to

## Chapter 3

### Water

At first glance, the story of the growth of metropolitan Detroit's water system in the latter half of the 20<sup>th</sup> century appears very different from the story of the road system's growth. Michigan's state government drove the growth of the road system, raising revenue from one part of the metropolis and spending it elsewhere to produce a decentralized network of roads. In the case of water, it was the City of Detroit that built a steadily bigger and more diffuse system, contracting with virtually every municipality in the metropolitan area to become the *de facto* regional water provider. Yet although the road and water systems were governed by completely different mechanisms, neither of them formally or explicitly "regional," both embraced the same mandate of regional decentralization and development at the metropolitan fringe.

At two points in time—once in the late 1950s, and again in the early 1970s—the City of Detroit's political leadership explicitly considered a halt to water system expansion, and then proceeded ahead anyway. The first time the city faced that decision, it was the dominant city in a still growing metropolis, led by whites. But even after the city's fortunes had spiraled downward relative to its surrounding suburbs, and even after city residents had elected a combative black mayor to take on the white suburban power structure, the Detroit water department continued to supply cheap water wherever suburban developers asked for it. The reason for this counter-intuitive behavior was two-fold. The city's own redevelopment prospects were contingent on a productive

relationship between the city and the same regional power brokers driving peripheral development. And changes in state law gave the city little choice but to extend water service at cost. The formal political control of the metropolitan water agency mattered less in determining the direction of water policy than the larger metropolitan policy making process that it was a part of.

The case of water in metropolitan Detroit poses a direct challenge to the view that any single institutional structure for regional planning will naturally or inevitably curtail sprawl. Advocates of institutional reform, including Myron Orfield and David Rusk, argue that the weakness of most regional institutions stems from two problems. First, these agencies lack the power to effect real change. Federally mandated Metropolitan Planning Organizations (MPOs), for example, are frequently simply an assembly of local governments jealously defending their own land use planning authority, preventing the MPO from doing anything but the most benign data gathering and municipal coordination.

In the rare instances that such bodies do have real authority (as with MPOs' authority over federal transportation spending), they are not democratically controlled and are thus unresponsive to the metropolitan majority residing in central cities and inner-ring suburbs.<sup>1</sup> These authors argue that an agency with both substantive authority and full representation of the disadvantaged segments of the metropolitan population would succeed in the kind of equity-enhancing regional planning that has so far escaped most American metropolitan areas. We might term this the "If only..." school of thought on American regional planning ("If only our regional agencies had real authority, if only they weren't run by the suburbs...")

The water system in metropolitan Detroit meets the reformers' requirements, yet it has utterly failed to perform as the theory would predict. The single, city-controlled agency has control of the water and sewer systems serving the entire region. This infrastructure is obviously essential to nearly all land development; the refusal of the Detroit Water and Sewerage Department (DWSD) to provide service to a major new development would stop it in its tracks. At the same time, this regional agency is controlled not by a committee of area governments, but by the City of Detroit alone. The DWSD has real authority over vital infrastructure, and it is controlled by the government most disadvantaged by the inequities of sprawl, yet it has consistently over time built the water and sewer infrastructure that serves as the backbone of that sprawl.

#### **1955 – 1959: Consolidation<sup>2</sup>**

The summer of 1954 was hot and dry in metro Detroit, and homeowner demand for water to keep lawns green skyrocketed. Virtually everyone in the metropolis received their water exclusively from the City of Detroit; the city served its own residents directly, while suburbs bought water on a wholesale basis from the city and pumped it to their own residents. On July 27<sup>th</sup>, the city pumped nearly 700 million gallons of water, a new record that was way above the system's capacity. As water left the system through lawn sprinklers and water taps faster than the city's Detroit River intakes could draw it in and its water treatment plants could pump it out, water pressures at the far suburban reaches of the system fell until some taps ran dry. In its banner-headlined story, The Detroit News reported that Mayor Albert Cobo ordered a ban on lawn sprinkling within the city in order to preserve pressure in the suburban lines. "Cobo's plea to the people

yesterday...was based on the plight of suburban residents, thousands of whom had no water for hours yesterday. ...Families reported severe sanitation problems.”<sup>3</sup>

The summer 1954 water crisis marked the starting point of a years-long controversy during which metropolitan Detroit—its business and labor leadership, its newspapers, its bureaucrats, and its elected leaders acting through city, county and regional institutions—wrestled with and ultimately decided the terms under which the metropolis would receive the water service that was indispensable to everything from public sanitation to industrial development to green lawns. They designed a system under which the City of Detroit would serve as the sole regional water provider for the indefinite future, committed to aggressive expansion to serve new development on the steadily expanding metropolitan frontier.

The 1954 water shortage led to acrimonious exchanges between city and suburb. Suburban governments felt the city was shortchanging them in the way it managed the common water supply. City officials argued that the city had plenty of water to supply, but that the suburbs had not built sufficient capacity and redundancy into their own systems. The city water department director, L.G. Lenhardt, said he was “sick of helping people who won’t help themselves.” A city resident wrote to the newspaper:

Mr. Ranch Home Owner and all his suburban neighbors knew what they were doing when they moved out of the city. Sure, it’s cooler and less noisy; but the time has now come for them to take the bad with all the good they have enjoyed. Detroit city officials should at once notify all surrounding communities using Detroit city water that they have to look elsewhere for their water. Set a reasonable deadline and at the expiration of same turn off the water. An old saying fits right about here. “You made your bed, now lay in it.”<sup>4</sup>

The Detroit Common Council ordered the city water department to begin to write into its contracts with the suburbs a requirement that they observe any water conservation measures the city itself might impose during an ensuing crisis.<sup>5</sup>

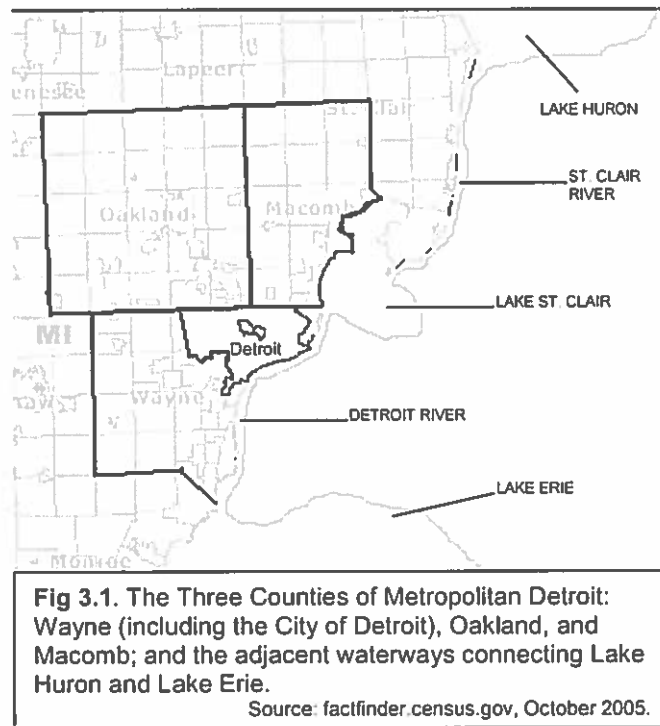
Lenhardt, the director of the water system, believed that the long-term solution to the problem of suburban water supply was for the suburbs to build their own system, complete with water intake, treatment, and distribution. “We do not feel it incumbent upon the City of Detroit to go beyond this point and construct new intakes, tunnel systems, and plants to take care of demands in areas which are not remotely contiguous to our borders,” Lenhardt wrote to the city council.<sup>6</sup>

Detroit had long been the main provider of water and sewer service in the metropolitan area. The state constitution gave a city the right to sell its water to neighboring cities, and a state law capped the price suburbs could be charged at twice the rate the city charged its own residents. As recently as 1944, state voters had approved removing the constitutional limit on how much extra-territorial service a city could provide (the constitution had limited Detroit to exporting no more than 25% of the amount it consumed itself), and the growing metropolis was thereby freed of the need to build new water capacity; it could instead rely on the city system. By the mid-1950s, Detroit was providing water to 42 communities adjacent or nearly adjacent to the city.<sup>7</sup>

Lenhardt cited population forecasts that predicted great population growth outside of the department’s current service area, and only modest growth within the city, and argued that the suburban governments themselves should bear the cost of building a new system to handle that growth. The question was especially urgent in Detroit’s rapidly developing southern and western suburbs, where the state health department in 1955



imposed a moratorium on new residential construction in part due to inadequate water service. Detroit did not serve these jurisdictions directly, but instead sold water to the Wayne County government, which had built a small transmission system to serve suburbs beyond the Detroit city limits. (See map, below.)<sup>8</sup>



In the wake of the '54 water shortage and Lenhardt's recommendation that the city's system not be expanded further, the Wayne County government undertook to build a separate, complete water system to serve its residents outside the city. The City of Detroit was itself a part of Wayne County, and its own elected officials served on the county's Board of Supervisors, so it had a considerable say in setting county policy. At first, the city's leadership was squarely behind the plan for a new county water system; its representatives on the county board voted in favor of it. An election was required to gain the public's approval for the bond sale that would fund the project, and the city's leaders,

along with the business leadership in the Greater Detroit Board of Commerce, labor leadership, and all three of the city's daily newspapers urged the public to vote yes. The measures passed in April of 1955. According to the public administration scholars Gerald Mowitz and Deil Wright, observing the events and writing a few years later:

A rare event had taken place: a genuine consensus among community leaders representing diverse interests on what was required in order to promote the general interest of the metropolitan community, and a backing up of that consensus with political action to win popular support for the program.<sup>9</sup>

One of Lenhardt's underlings, however, had a different vision. The superintendent of the department's main water treatment facility, Gerald Remus, felt that the Detroit water department should retain its near-monopoly on regional water service by growing to meet the demands of new suburban development. When Lenhardt retired at the end of 1955, Remus, the third-ranking official of the department, made his preference known and was promoted over Lenhardt's choice, the second-ranking official, to become the new director of the department, a position Remus would hold for nearly 20 years.<sup>10</sup>

Remus convinced a coalition that included, most prominently, the city political leadership and the regional business community, that the policy they had enthusiastically backed only a year earlier—to construct a new water system overseen by a second water agency in the metropolis—would be harmful to both the city and the region as a whole. He argued that the city, with the water production capacity it already had and the additional capacity it was already committed to, could adequately meet the region's needs for the next fifteen years. To allow a second system to be built would harm the city and the suburbs that remained its customers, because they would be forced to pay for their

oversized system with a stagnant customer base. It would also, he argued, harm the metropolitan region as a whole, because it would saddle the region with the inefficiency of duplicative infrastructure and competing bureaucracies.

Remus proposed that the county, rather than building its own separate water system, instead devote the proceeds of its new bond issue to building additional transmission capacity to handle larger supplies of Detroit water. He won over both Mayor Albert Cobo and Willis Hall, the head of the Greater Detroit Board of Commerce, the region's powerful business organization. Both men held seats on the Wayne County Board of Supervisors, Cobo by virtue of his elected position, Hall as a city appointee. In June of 1956, they attempted to have the county back away from its plans to build a separate system, and follow Remus's suggestion instead. When the county's bond counsel ruled that the revenue from bond sales could only legally be used for an entirely new system, Remus's plan was no longer viable, and the county moved ahead with the drawing up of formal plans. But Cobo's appointed chair of the city water board released a letter warning that the city would be forced to charge higher rates during the lengthy period it was obligated by contract to serve the Wayne County suburbs before the new system came on line. "The city will have to supply the water for at least six more years before being cut off. I think it is only fair and equitable the county be assessed for the capital investments that will be required to provide the interim service. This could require a considerable increase in water rates during that time."<sup>11</sup>

While the county proceeded with the design of its new water system, the city and the regional business leadership continued their efforts to derail the county project. The Board of Commerce arranged for the Inter-County Supervisors' Committee, an

organization that brought together the leaders of each of the metropolitan counties to coordinate on issues of regional importance, to commission an independent study of the entire region's water needs and the best way to meet those needs. The study was paid for with funds raised by the business community, and it was carried out by the National Sanitation Foundation, which despite its name was based in nearby Ann Arbor, headed up by a former Detroit Public Health Commissioner, and whose board of directors included several individuals that also served on the Greater Detroit Board of Commerce.<sup>12</sup>

The consultants' report urged that metro Detroit be served by a single metropolitan water system. It said the building of a separate Wayne County system, and the prospect of other outlying areas subsequently building additional systems, would be "economically unsound." According to the Detroit News, "The suburbs are complaining about water shortages. Private industry is worried about the lack of water in its search for new sites in the metropolitan area. The single water system would be the best way to end the threat of shortages, the report stated."<sup>13</sup>

The report's recommendations were not binding on Wayne County, but considerable pressure was building for the county to alter its course. The Board of Commerce created an organization called the "Wayne County Water Users Committee," which urged the various city and township elected officials in the county, who together made up a large part of the county Board of Supervisors, to stop the project. The city and county squared off in a debate of sorts before a regional meeting of the Michigan Municipal League, the association of city officials. With a design in hand, the county was now at the point where it was ready to solicit bids and begin construction. Leading

up to the vote on whether to put out bids, the city and county convened a series of meetings to attempt to negotiate a solution to the standoff, a solution that would take into account the needs of all three metropolitan counties.<sup>14</sup>

The negotiations failed, and the county voted to proceed with construction. But Gerald Remus had one last trick up his sleeve. A Detroit citizen filed a lawsuit claiming that the county project would unfairly harm him as a water rate payer, because he would be forced to pay, through his city water bill, the one-million-dollar loss the city claimed it would suffer as a result of the loss of suburban customers. The taxpayer who filed the suit was no ordinary citizen; he was a real estate developer who had previously worked with Remus on the extension of water service to one of the developer's new projects, and the two had met repeatedly to craft the details of the lawsuit.<sup>15</sup>

The merits of the lawsuit were largely beside the point. The bonds for the county water project could only be sold on the condition that they were "unencumbered" by any pending lawsuits; that is, that the investors who bought the bonds could be assured that the system which would generate the revenue to pay them off would not be derailed by an adverse legal ruling. As long as the citizen lawsuit was alive, the county could not proceed. The county did begin work using funds that it already had on hand, but it also began a long-term negotiation process that, by 1959, yielded an agreement for the city to buy up the county facilities and to provide all of the area's water needs for an indefinite period of time at a price subject to court review.<sup>16</sup>

The Greater Detroit Board of Commerce lauded the policy that it had no small part in shaping.

Farseeing public officials have cleared the way to a truly metropolitan water system for the Detroit area, centrally administered and assured of an

adequate supply from diverse sources.... The action, strongly urged over the years by the Board of Commerce, means more water to the suburbs and at an earlier date. It means development of areas handicapped in the past by uncertainty as to water supply.<sup>17</sup>

Leaders from across the region supported the expansion of Detroit water service to the northern suburbs in Oakland and Macomb Counties as well. The city was handicapped in providing that service by the requirement in state law that it charge suburban water customers no more than twice the rate it charged its own citizens. The cost of carrying water from city plants to newer suburbs at greater distances from the city was higher than the statutory cap allowed. A trio of state representatives from the northern suburbs introduced state legislation in 1957 to eliminate the cap on water prices for suburbs more than 10 miles from Detroit, requiring instead that Detroit's price be reasonably related to its costs in providing the service. The bill also for the first time allowed townships (county subdivisions with limited powers; see Chapter 4) to buy Detroit water, in addition to suburbs incorporated as cities. The bill would remove the last impediment to the Detroit water department's serving as the sole water provider to the steadily expanding metropolitan region.<sup>18</sup>

The legislation passed, though not without some controversy. After the lawn-watering restrictions of the previous summers (restrictions the city could only impose on its own citizens, even though it was in the suburban areas that low water pressure was a problem), some Detroit representatives in Lansing were concerned that the city was being shortchanged by its regional water responsibility. State Representative John Sobieski of Detroit tried to amend the legislation to prohibit expansion at times when water restrictions were necessary.

Detroit is talking of supplying water to three or four counties but it can't supply its own people. It isn't nice to see your lawn dry up while half a block away, across the line, people can use all the water they want. It's about time the Water Board took care of its own people and stopped worrying about everybody else.<sup>19</sup>

Notwithstanding those objections, the legislation passed easily. With it, the suburbs of Oakland and Macomb Counties were assured Detroit water service at a reasonable price, while the Wayne County suburbs had the same assurance from the separate negotiated agreement that ended the county's attempt to develop its own system. The City of Detroit's water department was now, in effect, the regional water utility.<sup>20</sup>

Metropolitan Detroit moved, in the five years from 1954 to 1959, from a region struggling with the engineering and political logistics of providing water service to a rapidly expanding area, to one moving ahead under the auspices of a single, proven bureaucracy unanimously recognized as the sole water provider for the indefinite future. Two things characterized this process.

First, the mandate of cheap water readily available to serve development at the metropolitan fringe guided the decision making process. This goal was shared by virtually every actor in the process. When the retiring director of the water department argued against the City of Detroit meeting that responsibility, there was universal agreement among the city and suburban political leadership, the regional business leadership, and others that the mandate should be served by a new system or systems. When the new director, Gerald Remus, sought to maintain his agency's monopoly, the fight that ensued concerned only the bureaucratic means to serve that mandate, not the substance of regional water policy itself. In fact, the rationale for the region's rallying behind the city water department was the belief that it would serve that mandate better

than an inefficient system of multiple, independent agencies. Lest there be any doubt about the substance of the regional water policy to be executed by Detroit, the requirement that the city provide as much water as needed at a reasonable price was written directly into the agreement that ended the fight with Wayne County. As the next section will demonstrate, Gerald Remus already had in mind a long-term plan to serve metropolitan development across a wide area. The actions of the Detroit water department going forward, therefore, are properly understood from the perspective of the mandate that in many ways produced the department in its current configuration.

Second, despite the fact that there was no single regional political body through which this mandate could express itself, it expressed itself nonetheless. At various times in the process, key events took place in Detroit city government, in the Wayne County government which itself included many Detroit officials, in the regional Inter-County Supervisors Committee, in the association of municipal officials in the region, in the state legislature, and in the courts. Each of these institutions organized itself, at one stage or another, around the central question of how best to serve the regional mandate of cheap, widely available water. The Greater Detroit Board of Commerce played no small part in organizing the various agencies around that question. The process may have been messy and convoluted, with no single agency or tier of government making decisions, but the strong regional desire for a well-watered metropolitan frontier nevertheless functioned through multiple channels to yield in the end an agency and a set of institutional relationships singularly devoted to that goal.



### 1959-1974: Expansion

In 1959, having secured his position at the top of the metropolitan water system, Gerald Remus's department published a plan to greatly expand both the volume of water produced for metropolitan Detroit, and the area to which that water would be pumped. In the supremely confident language of a Robert Moses, Remus sought and received approval for an ambitious expansion.

More than 250 years have passed in developing the present water system. In this era certain conclusions, basic truths, and operating procedures have been established. Some of these are:

A. To gain the best reliability at the lowest cost all of the water for the area should be provided by one system. It must be ever-expanding and improving or a system will deteriorate into an antiquated, undependable, and expensive arrangement... .

F. Any village, township, city, county or industry, through its representative governmental agency, can get any amount of water capacity it wants... .

H. Capital improvements totaling more than \$99,000,000 have been made since 1949, and much of the work has been for suburban supply. The Board has consistently endeavored to build ahead of requirements. This is emphasized by the fact that the Springwells addition, the 54-inch Dequindre line in Oakland and Macomb Counties, and other water mains and storage facilities are mainly for future load development.<sup>21</sup>

The plan, in its tone and language, is apparently motivated by two mutually supportive forces: one is the mandate to meet the needs of development, quickly and cheaply, wherever it might occur; the second is a bureaucratic ambition to place the standards and imperatives of a seemingly impartial water supply profession at the center of the metropolitan area's growth. It is seemingly grounded in unassailable statistics, common-sense priorities and "basic truths" that together give the impression of an agency presided over by an exceedingly competent and ambitious bureaucrat. (News accounts at his retirement after 18 years at the helm of the water department described Remus as "outspoken," "quotable," "crusty," and "ill-tempered.")<sup>22</sup>

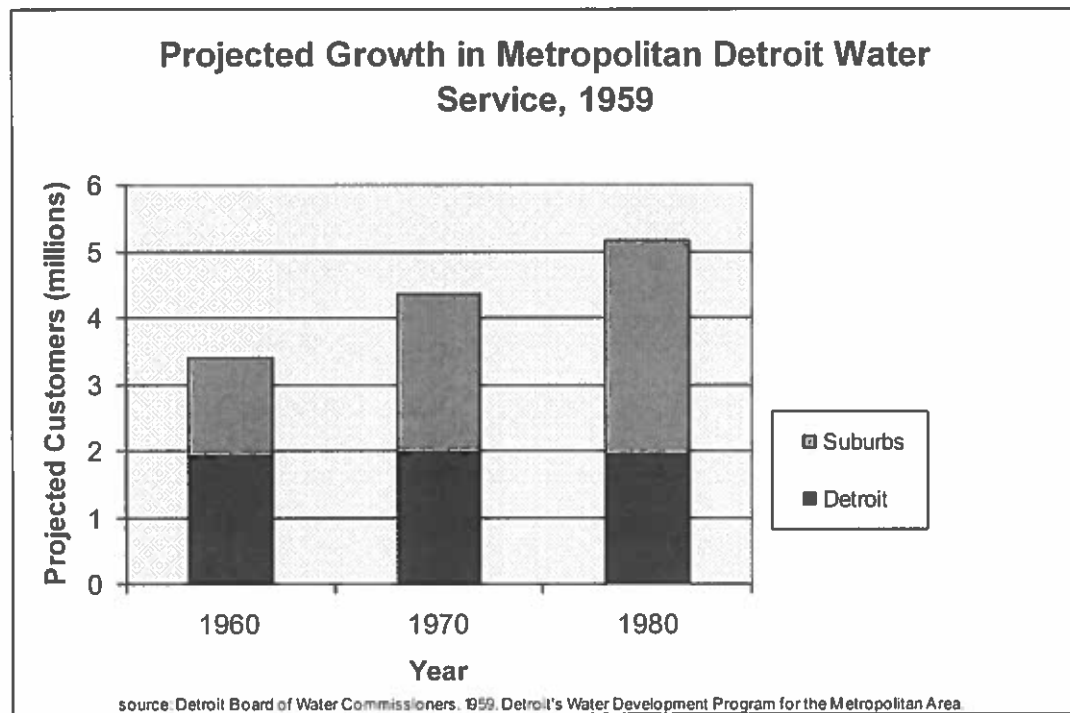
Remus argued that to reliably meet the metropolitan area's needs on the terms he promised, a massive new water intake, treatment and tunnel system would be necessary to collect water from Lake Huron, 50 miles north of Detroit, and deliver it to the area. Invoking national defense in much the same manner as the interstate highway construction program had, the Remus plan included a letter from the city's civil defense office touting the benefits of a second, distant water supply as a precaution against nuclear destruction or contamination of the existing facilities.

The Lake Huron plant accounted for about half of the proposed investment in the regional water system over the next 20 years. The plan also proposed new water mains, pumping and storage facilities, and improvements to existing treatment facilities, at a total cost of over \$172 million. Only \$23 million, or 13%, was devoted to the City of Detroit.

The development program was based on two assumptions illustrated in Figure 3.2 below: first, that the three-county metropolitan region as a whole would grow in population, and second, that the growth would be added in suburban areas while the central city remained stable. Detroit's population was projected to hover just shy of the 2 million mark; the suburban population would more than double from roughly 1.5 million to over 3 million. The projections were based on the work of the Regional Planning Commission in Detroit and other outside analysts. A separate regional planning study conducted by Constantinos Doxiadis for the electric utility Detroit Edison in the mid-1960s came to much the same conclusion.<sup>23</sup>

Throughout the 1960s and early 1970s, the water department expanded its service according to the 1959 plan. It constructed the Lake Huron plant and the ten-foot-

diameter pipes that would carry its water to metropolitan Detroit, it brought on line another new intake and treatment facility and improved capacity at three other plants, and it built hundreds of miles of transmission mains in areas farther and farther from the city. During Gerald Remus's tenure as general manager from 1956 to 1973, the number of communities served by the Detroit water system more than doubled from 45 to 95. Figure 3.3 shows the rapid increase in the suburban population served by DWSD, and an even greater increase—a more than doubling—of the suburban area served. The population density of the entire system, in fact, declined by more than 25% between 1960 and 1975.<sup>24</sup>



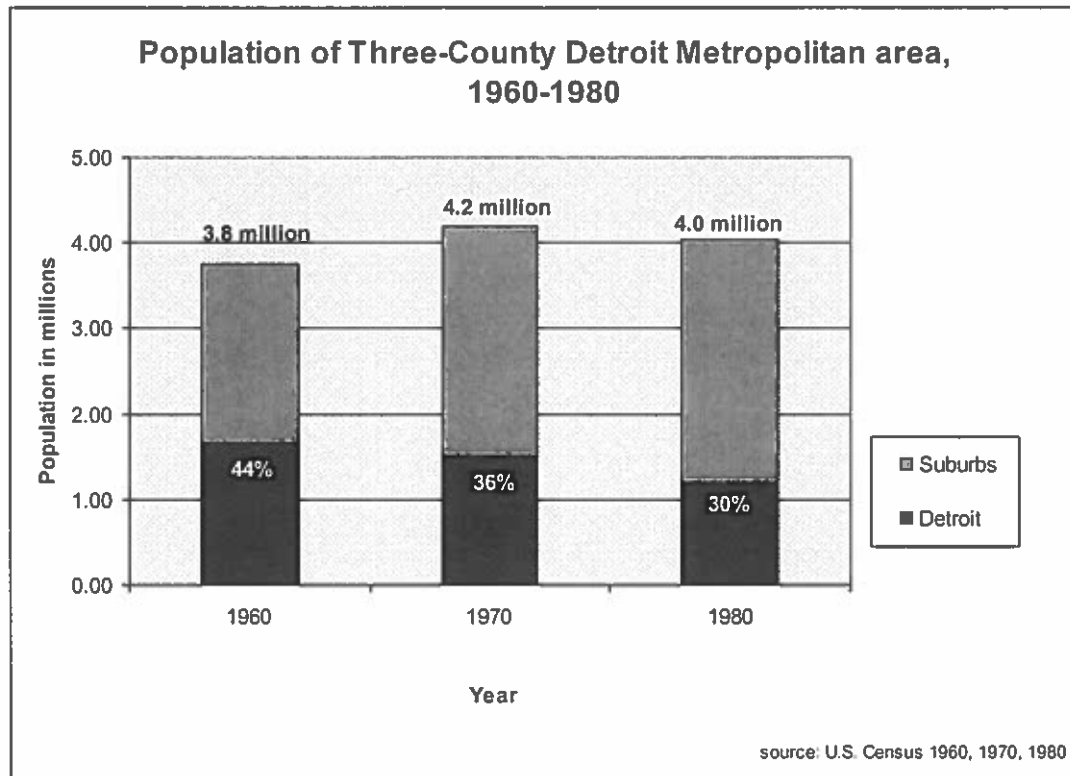
**Figure 3.2.** The Detroit water department predicted substantial growth in the metropolitan population and almost no decline in the city population.



**Figure 3.3.** In 15 years, the Detroit water department more than doubled the population and area it served outside the city limits.

But as the Remus plan was becoming a reality in the 1960s and early 1970s, the underlying population trends on which it was based were rapidly shifting. Remus had assumed a growing region surrounding a stable inner city. But due to a national economic restructuring toward the Sun Belt of the south and west, the Detroit area as a whole was stagnating. At the same time, both industrial plants and the white middle class were rapidly fleeing the core city for the surrounding area, leaving a sharply declining Detroit in their wake. Figure 3.4 demonstrates the wholesale restructuring of metropolitan Detroit's population, and especially the declining fortunes of the core city relative to its surrounding area. It was not just the case that a disproportionate share of growth happened in the suburbs. Rather, in the 1960s, a substantial portion of suburban

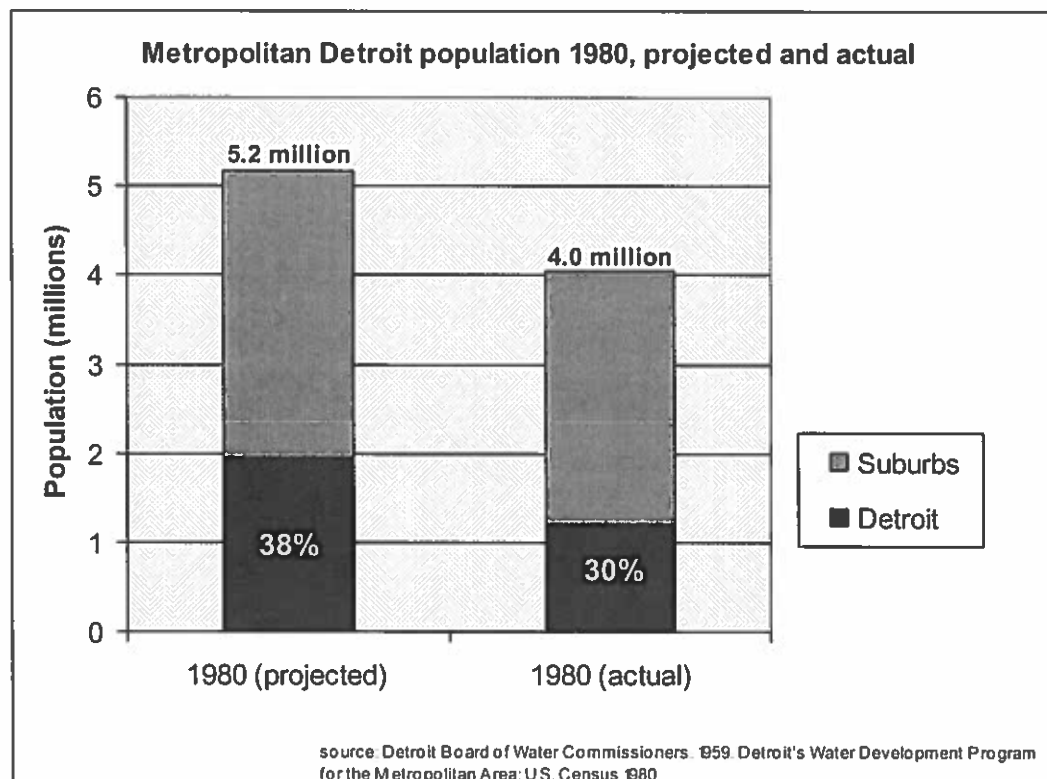
growth was due to the exodus from Detroit, not from overall regional growth, and even as the region as a whole lost population in the 1970s, the suburbs continued to grow.<sup>25</sup>



**Figure 3.4.** In the twenty years after the water department committed to a massive expansion, the region's population growth stopped, and the city's population shrunk.

Figure 3.5 shows the sharp difference between the metropolitan area Gerald Remus had built the system to serve, and the one that actually came into being in the 1960s and '70s. The metropolitan area was much smaller in population, and Detroit, rather than a pre-eminent center, was a shrinking and struggling inner city. The water department's ambitious building program had served not as a tool for metropolitan growth, but as a tool for redistribution of a stagnant population away from the core city and into previously undeveloped areas. In the period between 1960, when Remus's

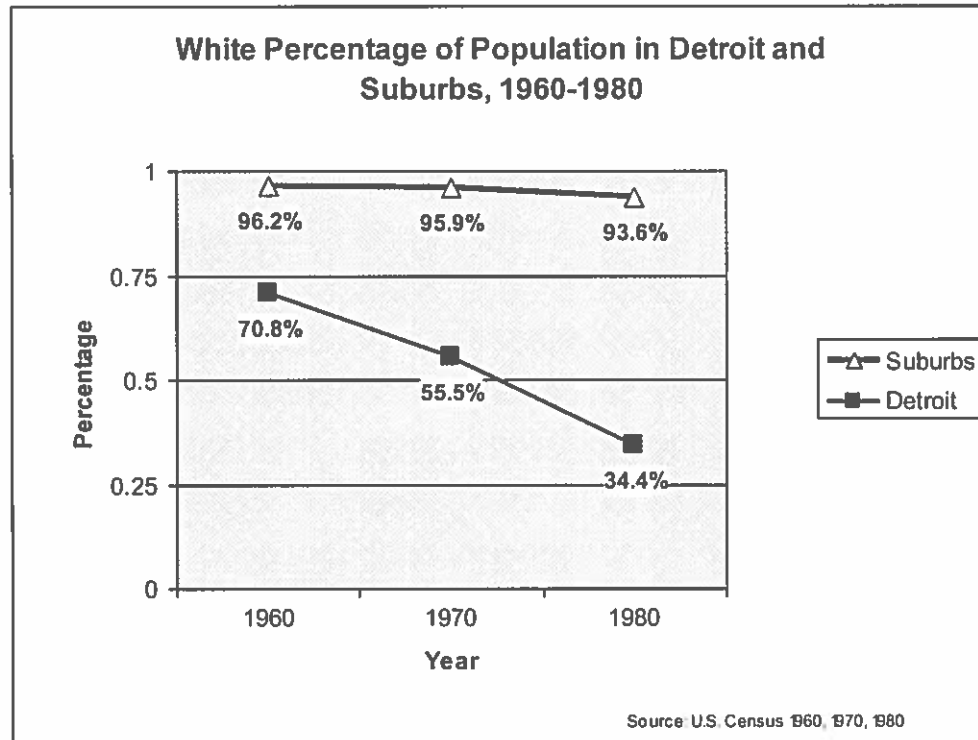
expansion plan began, and 1974, when Coleman Young took office, the water department added over one million suburban customers; but the tri-county area as a whole only grew by about 400,000<sup>26</sup>. Some of this discrepancy is due to the addition of new customers that had previously had other service, but a significant portion of it is simply a result of net outmigration from the city.



**Figure 3.5.** The population assumptions on which the water department based its expansion plans proved wildly off the mark.

And this redistribution had a decidedly racial cast to it. Figure 3.6 demonstrates how whites dominated the outmigration from Detroit; in just twenty years, the city went from a white majority of 71% in 1960 to a minority of 34% of the city population in

1980. The suburbs remained virtually all-white. By 1980, only 13% of metropolitan Detroit's white population lived in the city itself.



**Figure 3.6.** The water department's suburban expansion served the needs of white outmigration from the city.

### 1974-1985: Coleman Young's Water Department

In 1973, this wholesale reorganization of the region's population paved the way for Detroit's emerging black majority to elect the city's first African-American mayor, Coleman Young. Young was a former labor organizer and state senator with a reputation as a staunch and combative advocate for African-Americans in general and the City of Detroit in particular.<sup>27</sup>

By this time, it was apparent that Detroit and its suburbs constituted a very different metropolis from the one Remus's 1959 plan had imagined. Instead of a stable city at the heart of a growing region, there was a declining city at the core of a stagnant region. White flight was dividing the political landscape into two racially and geographically defined camps: black Detroit and white suburbia. The antagonisms were on display when automobile magnate Henry Ford II, who was spearheading the downtown development of the Renaissance Center office, retail and hotel complex, suggested in a speech that the region needed some form of metropolitan government. Suburban officials commented "Henry Ford should stick to building cars;" "People left Detroit to get away from all those problems and if you make it all one government they'll just move farther north;" and "Detroit is a dying city and there is no way to save it."<sup>28</sup>

A handful of socio-economic indicators displayed in Table 3.1 documents just how wide the disparity was between Detroit and its surrounding area, and the fact that it was widening during this period. The suburban poverty rate was only a third of Detroit's in 1970, and only a quarter ten years later. The gap was widening as well for the unemployment rate, per capita income, and the percentage of city and suburban populations with college degrees. By virtually any measure, Detroit and its suburbs were very different places during this period, starkly divided politically, socially and economically; the stage was seemingly set for a conflict over water policy.



**Table 3.1: Socioeconomic Indicators for Detroit and Suburbs, 1970-1980**

Indicator	Suburban rate as percentage of Detroit's, 1970	Suburban rate as percentage of Detroit's, 1980
Poverty	33	25
Unemployment	67	50
Per capita income	124	153
Percent of population with college degrees	185	204

Source: Neithercut, Mark E. 1987. *Detroit Twenty Years After: A Statistical Profile of the Detroit Area since 1967*. Detroit, Mich.: Michigan Metropolitan Information Center, Wayne State University.

A year after Young took office, the combined reality of an overbuilt water system and new political control of the water department seemed to be taking hold. The Board of Water Commissioners, appointed by Young, imposed a moratorium on the extension of water service to new local governments not already in the system. Charles Scales, a member of the water board, former president of the City Plan Commission, and soon to be appointed by Young to be the water department's first black director, articulated the city's argument:

Revenues from Detroit and suburban residents paid for the expansion of the DMWD's water supply and sewer services. Now, population growth and industrial development have dropped to near zero. If new areas are added to the water system, their cheap land and water supply will end up luring residents and plants away from Detroit and the older suburbs. In other words, Detroit and the close-in suburbs would help finance their own demise.<sup>29</sup>

In the same newspaper article in which this quotation appeared, Mayor Young argued that expansion of the water system was akin to the 1950s construction of urban freeways in luring people and investment away from the city. A new direction for the water department seemed to be at hand.

Young's moratorium was never implemented, however. Over the next 10 years, the system expanded to serve 16 new cities and townships at still greater distances from the city and inner-ring suburbs, even spreading into the ring of counties adjacent to the

three (Wayne, Oakland and Macomb) that made up the traditionally defined metro area. In 1975, there were 9,554 miles of water mains in the metropolitan Detroit system; in 1985, there were 11,096, an increase of 16%. The system was serving roughly the same number of people and pumping the same amount of water; it was just doing so over a more far flung network. And this expanded service was not accruing benefit to City of Detroit residents. In 1978, the earliest year for which figures are available, 34% of the system's water revenue came from city residents. In 1984, this proportion had actually increased, to 39%.<sup>30</sup>

Clearly, Mayor Young changed course. In fact, Charles Scales was forced to resign his directorship only a year and a half after assuming the position, because of an insistence on raising suburban rates to pay for necessary improvements to the sewer system. Young instead imposed a cap on rate increases, hardly the action of a man interested in fleecing his suburban customers or dissuading potential new customers. The documentary record and interviews with former senior officials of DWSD make clear that, despite any initial reluctance, Coleman Young aggressively pursued expansion of the water system much as Gerald Remus had in the 1960s. Young possessed the formal control of a critical regional infrastructure agency and a knowledge of the implications of suburban development on his city's own fortunes, yet he directed the department to further enable that development.<sup>31</sup>

This change of heart makes sense, however, in the light of Young's own strategy to turn his city around. That strategy was centered on high-profile investment and construction in his city, especially downtown—a strategy that required a cooperative relationship with the region's corporate power structure and an effective means of

negotiation with suburban political leaders. In seeking development for the city, Young effectively embraced the regional development ethic that had long driven expansion of the water system.

Two of Young's three greatest accomplishments, according to his own assessment after ten years in office, were the construction of a new General Motors assembly plant in the city and the redevelopment of the city's downtown riverfront. The auto plant was built on a site, called Poletown, from which thousands of residents were evicted and their houses torn down, using the city's eminent domain power, to meet GM's land requirements. "Poletown--that one plant makes up for every g—damn thing that went into the suburbs for the past 20 years," Young told the Detroit Free Press. "I'll take [such projects] every three or four years, at a billion dollars a shot". The rebuilding of the downtown riverfront involved the metropolitan area's corporate elite, especially the auto industry (the Renaissance Center), a major sports team (Joe Louis Arena, home of the Detroit Red Wings), real estate developers (the Riverfront Towers luxury apartments and Millender Center hotel/retail/apartment development) and suburban, state and federal political officials with influence over large sums of necessary public funding (the Cobo Hall exhibition center, the People Mover downtown monorail, and a proposed but unbuilt rail line to Oakland County).<sup>32</sup>

Virtually all of these public and private sector actors had an interest in cheap and readily available water. The same auto industry giants behind the Renaissance Center and major auto plant investments were simultaneously building large projects at the metropolitan fringe. Chrysler, for example, built during the Young years both an assembly plant on the city's east side, using extensive public support and land acquisition

negotiated by Young, and a massive headquarters complex in the edge city of Auburn Hills. It seems highly unlikely that Chrysler would have listened to invitations to invest in the city if at the same time a tight water policy was foiling the company's expansion plans on the metropolitan fringe.

One former DWSD director said Young was frequently managing several different negotiations or strategic initiatives at a time, and that his water policy could only be understood in the context of these developments and his broader strategic direction for the city. June Manning Thomas reports that Young's enthusiasm for development resulted in the effective neutering of his own planning staff, with its professional attention to balancing priorities, in favor of an economic development staff focused exclusively on putting together the necessary inducements to conclude a deal for real estate development.<sup>33</sup>

The historical record makes clear that Young concluded early on in his tenure that it was too late for a tight water policy to prevent disinvestment in his city. That horse was already out of the barn. Instead, the city needed to attract new investment dollars, and to do so by negotiating case-by-case development deals. In this environment, a water policy aimed at curtailing suburban development would only antagonize those same actors with whom he was negotiating for downtown and industrial projects.

### **The State Role**

Of course, there is an alternative explanation for Coleman Young's embrace of peripheral water development in his direction of the Detroit water department: it was not the indirect benefit of cozy relationships with the potential developers of his downtown that motivated Young, but the direct benefit to his city's bottom line of a large utility that

made a large profit on its suburban customers. It has long been an article of faith in metro Detroit that the city is fleecing the suburbs through its ownership of the water system, and legislation is regularly introduced by suburban lawmakers in Lansing to take control of the regional water system away from the city and place it under a new regional authority.<sup>34</sup> The history of the state's regulation of the Detroit water department, however, makes clear that the city has been effectively precluded from reaping such a reward, and has been confined instead to operating as a utility providing service at cost.

At the time Coleman Young took office in 1974, the water department operated under the terms of the 1957 legislation and 1959 agreement with Wayne County that had paved the way for the city to move beyond its neighbors and supply water as far away in any direction as suburban development might occur. Within Wayne County and within 10 miles of the city in Oakland and Macomb counties, the department could sell its water to suburban governments for *no less than* the price the city charged its own residents, and *no more than twice* the in-city rate. For any other customers, the price had to "bear a reasonable relationship to the service rendered."<sup>35</sup>

At first glance, this law left a window for Detroit to turn a profit on some of its suburban customers, because the language requiring a reasonable price applied only to those being charged more than twice the city rate; presumably the closer-in suburbs could be charged anything up to twice the city rate, regardless of its relation to the city's actual cost in providing the water. But the city was limited to a reasonable price for even these customers by language in the standard contract it signed with each suburban government. From the start, then, the Detroit water department was legally committed to operate as a non-profit utility.

After Coleman Young took office in 1974, the suburbs repeatedly accused Detroit of illegally overcharging them for water; those claims led to two lawsuits, neither one successful, and a new state law that imposed a more strict system of price regulation on the city.

Suburban political officials, clearly seeing political hay to be made in a fight with the new black mayor now controlling their water supply, almost immediately began accusing the city of overcharging them for water. A typical example was Ed McNamara, the mayor of the Wayne County suburb of Livonia with aspirations to be elected to Congress; he would later serve as the powerful Wayne County Executive. McNamara was “attacking the Detroit Metro Water Department on every front,” the Detroit News reporter Don Ball wrote at the time. “McNamara is expected to run next year for the 2<sup>nd</sup> Congressional District seat now held by U.S. Rep. Marvin L. Esch, a Republican, and there are few easier ways of winning political support in the conservative 2<sup>nd</sup> District than by playing David to Detroit’s Goliath.”<sup>36</sup> McNamara was one of three suburban representatives on the seven-member board that oversaw the water department. In April of 1975, McNamara publicly criticized what he said was an impending 35% rate increase, and garnered headlines for doing so; the other two suburban representatives on the water board, however, said no such increase had been approved, and that McNamara had not even attended the relevant meetings. Numerous other suburban elected officials won newspaper coverage by criticizing the city water system.

In fact, the newspaper coverage of the time makes clear, it was the career civil servant whom Young inherited as water department director that was pushing for a rate increase, both to cope with inflation and make necessary improvements to the system,

while Young and his appointees to the water board regularly contradicted him in public. When the board did approve a rate increase, subsequently reversed by Young, different headlines in the city and suburban editions of the same Detroit News story captured and played into the underlying city-suburban tension. For city readers, the newspaper headlined its story “Water bills could jump 68 percent”; for the suburban edition, the headline over the exact same story was “Suburbanites expected to pay more in sewer fees”. Suburban residents reading that headline would understandably believe that they were being singled out by the city to pay more; in fact, the rate increase was structured in a way that actually imposed a steeper increase on city residents.<sup>37</sup>

In 1976, the simmering tension between city and suburb—the result of a change in the elected leadership in Detroit, not a change in water department policy—came to a head in a lawsuit prompted by a rate increase the water department imposed across the board on all customers in the region. The 1976 rate increase was the first since Coleman Young had taken office; it was necessitated by high inflation and the revenue requirements of a new capital improvement plan. No one disputed that a 39% increase in revenue to the water system was necessary, but the suburbs argued that the city should shoulder a greater proportion of that increase. The city, however, pointed to an independent consultant’s report prepared ten years earlier, which recommended that the suburbs, drawing a steadily greater proportion of the region’s water supply and requiring it to be pumped to greater distances, should themselves bear a higher proportion of any rate increase. Against the recommendations of that report, the city raised rates a flat amount to all customers in 1966, and again in 1972. Thus, according to the subsequent Michigan Supreme Court ruling on the 1976 rate increase, “Since 1966, there have

been... three across-the-board increases, despite a recommended shifting of costs from Detroit users to out-city users.”<sup>38</sup>

The state supreme court ruled unanimously, after 9 years of litigation, that the price the City of Detroit charged its suburban customers was not unreasonable. Because the case took so long to reach its conclusion, the court was able to base its conclusion on several years of actual data showing who received how much water and at what price. It determined that, although suburbs were paying more per unit of water than city residents were, this cost allocation made perfect sense in light of the fact that city residents, residing so close to the main water treatment plants, required their water to be pumped much shorter distances, and secondly, that city residents received their water primarily from older facilities with much lower depreciation costs.<sup>39</sup>

In an interesting aside, the state supreme court went so far as to suggest that there was nothing inherently inappropriate in a city’s earning a profit on its water sales to other jurisdictions. The court’s opinion quoted favorably from a law review article which argued that

A city’s purchase of a utility plant is made on behalf of its citizens, who then become both consumers and owners. The requirement of serving nonresidents at the same rates as residents partly defeats the purpose of the purchase by decreasing the benefit derived from the resident consumers’ ownership. Utility service is only one phase of a prevalent situation in which nonresidents adjacent to cities enjoy the economic and other advantages of city life without being subjected to the responsibilities of citizens.<sup>40</sup>

One could argue that the fairest price for Detroit water, or at least the one most attuned to the principle of the free market, would be the price just below what it would cost a suburban jurisdiction to build its own water supply. To restrict the city to serving its neighbors at cost, according to this line of reasoning, was unfairly depriving it of a



source of revenue (and an incentive to maintain city residence) that it would otherwise have had.

Between 1976, when the suburbs first challenged the city's water pricing in court, and the final ruling on the case in 1985, state legislators from metro Detroit sought to remove all shadow of a doubt over what constituted a fair price for water by rewriting the state law governing the city's water department. Accurately foreseeing the possibility that the courts would determine that Detroit had acted reasonably all along, the metropolitan legislators established a new standard to sharply restrict the city's autonomy in setting water prices.

The new law struck all references to city residents and non-city residents; it eliminated both the "floor" and the "ceiling" for suburban water rates; and it omitted the standard of "reasonableness" in determining the fairness of water prices. Instead, the law simply stated "The price charged by the city to its contractual customers shall be at a rate which is based on the actual cost of service as determined under the utility basis of rate-making."<sup>41</sup>

Several suburban legislators sponsored the bill that became the new law, but Detroit's members of the state legislature voted for it as well. Two things explain the city's support of legislation that severely restricted its autonomy in setting water prices. First of all, the city was facing a dire financial crisis with the prospect of municipal bankruptcy on the horizon. On the same day the state senate passed the new water pricing bill, Mayor Young, the chairman of General Motors, and the president of the United Auto Workers union addressed a joint session of the legislature, urging lawmakers to pass a package of bills designed to stave off default and solve the city's fiscal crisis.

Though the water bill was not formally a part of that package, the city was at that point utterly dependent on a productive relationship with state legislators and the metropolitan business community for its survival, and it was in no position to balk at the terms under which the metropolitan body politic expected the city to serve the region's water needs.<sup>42</sup>

Secondly, there was the threat that the state would simply transfer control of the water system from the City of Detroit to a new regional authority. There were (and remain) two major legal impediments to the state taking such an action: at the very least, the city would presumably have to be compensated for the loss of its capital assets; moreover, the city's authority to operate a water system and sell to municipalities outside its borders came directly from the Michigan Constitution, making it legally questionable whether a legislative act could remove the system from the city's control.<sup>43</sup>

Nevertheless, suburban lawmakers regularly introduced legislation to "regionalize" the formal control of the water system, as one of the Detroit legislators who voted for the new pricing law acknowledged.

I will vote for House Bill No. 4029 with the understanding that it will increase the water bills in the City of Detroit. However, the bill provides for the continued control of the Detroit Water and Sewage Department by the City of Detroit, with the approval of the city administration. There has been an ongoing fight by suburban communities for control of the Detroit water system, and I felt it to be in the best interest of Detroit's citizens to support this bill which prevents such a takeover. Detroit built, paid for and maintains the system and deserves to retain ownership of it. In any event, during these inflationary times, no matter who operates the system, there will have to be additional revenues in order to provide adequate service to the consumers.<sup>44</sup>

For all intents and purposes, the 1981 water pricing law did "regionalize" the water system, in that it commanded the city to operate its water department as a regional non-profit utility. The city maintained formal control of the water system, but its

decision making was effectively limited only to where its services were extended—which municipalities it chose to contract with. The notion that the city extended water service to new development at increasingly great distances from the city in order to reap a financial windfall is sharply undermined by the outcome of the 1976 lawsuit and the content of the 1981 water pricing law (which the city has not been found in violation of since.)

Whether city customers of the water system have paid more or less than their “fair share” of regional water costs over the years is perpetually open to debate depending on what one defines as a fair mechanism of allocating the costs of such a complex system—a task that virtually every court ruling and legislative analysis on the issue acknowledges as an exceedingly difficult task. But even if one accepts for the sake of argument that the city cut its residents the best possible deal on water within the framework of the law, and even if one further assumes that the city occasionally charged to the water system city costs that bore only a tangential relationship to water provision, these two benefits to the city hardly add up to the level of massive financial windfall that would explain the water system’s steady expansion and enabling of new suburban development.

In fact, the opposite argument is more supported by the evidence. Precisely because the city was precluded (in law and, according to the unanimous 1985 state supreme court ruling, in fact) from making a profit on its suburban customers, it was obliged to seek more customers at greater distances in order to meet the fixed costs imposed by the massive 1960s expansion project. As long as the system had excess capacity, and its large transmission lines were passing through and near communities not yet in the system, it made sense to bring those areas on line and collect their revenue.

This became something of an exercise in circular logic, however: new areas were added to the system to make use of the existing infrastructure; but the inclusion of that new area in the regional system, with service guaranteed by state law to be at cost, in turn attracted follow-on development from elsewhere in the region.<sup>45</sup>

## **Conclusion**

In the end, the mandate for cheap and widely available water in metropolitan Detroit survived and thrived through 25 years of wildly varying economic and political circumstances. Two sets of interests drove that mandate: the business community of industrial firms and real estate developers, and the white middle class represented by its suburban political leadership. These actors' preferences for the metropolitan water system found expression not through direct political control of that system, but through the broader economic and political context which shaped the Detroit water department's actions. This context included state regulation and the threat of state takeover, and the city's need to curry favor with the economic establishment in the face of wholesale disinvestment from the city. While it would be inaccurate to say that the DWSD's policies were entirely the result of external constraints—one can imagine a different turn of events if people other than Gerald Remus and Coleman Young had occupied their respective positions—it is still the case that the mandate for cheap and available water was a powerful one. As was the case in the 1950s, the failure of one bureaucracy to meet that demand would in all likelihood have resulted in either a change to that bureaucracy or the creation of a new one.

The case of the DWSD demonstrates that the right institutional framework—providing sufficient authority and sufficient responsiveness to the metropolitan core—is

not in and of itself a sufficient condition for the sort of redistributive regional planning that contemporary advocates seek. Detroit's water policy in the period under study suggests that a policy that fosters sprawl—and the perceived social, environmental and other ills that it fosters—can be embraced within an authoritative regional planning agency every bit as much as it can be at the local, state or federal levels. The same political forces at work in the fostering of sprawl at those levels—race- and class-based tension, the needs of the business community—can and do operate at the regional scale as well.

“If only...” regionalism blames the failure of American regional planning to redress metropolitan inequities on the fact that there simply is not enough regional planning. More regionalism, i.e., more planning authority delegated to a regional decision making and implementation process, would, according to this school of thought, result in more equitable planning manifested in a fairer distribution of low-income housing, infrastructure investment, and tax base. One might see in Portland, Oregon, for instance, a set of robust regional institutions enacting a series of sprawl-busting policies, and imagine that similarly organized institutions would yield similar policies in other places. But this view misses a critical source of causation. There is an underlying political sensibility in the Portland region, expressing itself repeatedly over time through a variety of actions at the local, state and federal level, which has yielded both the reformed institutions *and* the planning policies that make the area unique. If the correct institutional framework was the central requirement for regional reform, it seems the Detroit Water and Sewerage Department would have long ago halted the suburban water development that continues to this day.

The creation and/or strengthening of regional planning authority may well in many instances turn out be part of a process that redresses metropolitan inequities. But this case suggests that this will be true only to the extent that it is a *manifestation* of a broader political will that yields changes in policy across the spectrum of federal, state, regional and local action. And where such an environment does exist, such explicitly regional policy making and planning may in fact pale in importance relative to the policy change enacted at those other levels.

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- <sup>1</sup> Lewis, Paul G. 1998. Regionalism and Representation: Measuring and Assessing Representation in Metropolitan Planning Organizations. *Urban Affairs Review* 33:839-853.
- <sup>2</sup> Though supplemented by original research, the broad outlines of the narrative in this section are from Mowitz, Robert J., and Deil Spencer Wright. 1962. *Profile of a Metropolis: A Case Book*. Detroit: Wayne State University Press.
- <sup>3</sup> "Cut Sprinkling, Cobo Urges City," *Detroit News*, July 28, 1954, 1.
- <sup>4</sup> *Detroit News*, July 28 and July 30, 1954.
- <sup>5</sup> *Detroit News*, August 12, 1954.
- <sup>6</sup> Mowitz and Wright, *Profile of a Metropolis*.
- <sup>7</sup> Detroit Water and Sewerage Department. "Detroit Water and Sewerage Department: The First 300 Years." 2003.
- <sup>8</sup> Mowitz and Wright.
- <sup>9</sup> Mowitz and Wright, 183.
- <sup>10</sup> Mowitz and Wright.
- <sup>11</sup> Mowitz and Wright; *Detroit News* September 18, 1956.
- <sup>12</sup> Mowitz and Wright.
- <sup>13</sup> *Detroit News*, March 29, 1957.
- <sup>14</sup> Mowitz and Wright.
- <sup>15</sup> *Detroit Free Press*, October 6, 1957; Mowitz and Wright.
- <sup>16</sup> Mowitz and Wright.
- <sup>17</sup> *The Detroider*, August 3, 1959, quoted in Mowitz and Wright.
- <sup>18</sup> State of Michigan, House Journal, February 14, 1957.
- <sup>19</sup> *Detroit News*, March 20, 1957.
- <sup>20</sup> State of Michigan, House Journal, March 19; Senate Journal, May 6; House Journal, May 7, 1957.
- <sup>21</sup> Detroit Board of Water Commissioners. 1959. *Detroit's Water Development Program for the Metropolitan Area*.
- <sup>22</sup> Getz, Anne. 1973. Remus to retire as head of Water Dept. *Detroit News*, October 17, 7-A. Morris, Julie. 1973. Gerald Remus Will Retire as Water Department Chief. *Detroit Free Press*, October 17.
- <sup>23</sup> Detroit Edison. 1970. *Emergence and Growth of an Urban Region: The Developing Urban Detroit Area*. 3 vols. Vol. 3: Detroit Edison.
- <sup>24</sup> Detroit Water and Sewerage Department. 1960-1985. *Annual Reports*.
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- <sup>36</sup> "Water bill battle may be politics," *Detroit News* 9/29/75.

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<sup>37</sup> Detroit News, 4/1/75: “Water bills could jump 68 percent”, “Suburbanites expected to pay more in sewer fees.”

<sup>38</sup> City of Plymouth v. City of Detroit, 423 Mich. 106, at 112.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid., at 131.

<sup>41</sup> Public Act 89 of 1981, Michigan Compiled Laws §123.141.

<sup>42</sup> “Legislators Warned on Detroit,” Detroit News, May 27, 1981; House Journal 1/28/81, 4/1/81, 6/22/81; Senate Journal 5/26, 5/27, 6/24/81.

<sup>43</sup> See the message accompanying Gov. Jennifer Granholm’s veto of the most recent attempt to regionalize the Detroit water department, Michigan Senate Journal 4/18/2006, p. 701.

<sup>44</sup> State Sen. David Holmes, Senate Journal, 5/26/81.

<sup>45</sup> Heath and Leavey interviews.





## **Chapter 6**

### **Conclusion**

The body politic in metropolitan Detroit in the post-World War II period built a set of institutions that together govern and plan the region to this day. These institutions take many forms. In the case of local road construction, the institution is a state-local partnership which ensures that peripheral road building is subsidized. In the case of regional water provision, the institution is a single city water department that is confined by law and circumstance to provide water at-cost wherever in the region development might occur. In the case of transit service, it is a bifurcated system of agencies which ensures that city and suburb can protect their assets from the other. And in the case of local government, it is a system that delegates to municipalities, counties and regional agencies different tasks based on which will execute the task according to regional preferences.

It is easy to look at this convoluted web of different agencies and acronyms and see chaos, an utter lack of regional coordination and planning. But these seemingly disparate institutions have a great deal in common. They are all products of the same underlying political process, and they each embrace in their own way the same basic set of priorities. This set of priorities, reinforced across all manner of institutional arrangements, constitutes in fact, if not in name, the regional plan for metropolitan Detroit's development in the postwar period. This concluding chapter will draw on the preceding case studies to describe that overarching metropolitan political process—the

actors involved, the institutions they worked through, and the outcomes they created—to create a portrait of one American metropolitan region planning its future not through any single agency or process labeled “regional planning,” but no less definitively or intentionally through a variety of different laws and institutions.

### **Institutional diversity**

While metropolitan Detroit’s development of regional mechanisms for road building, water provision, governance, and transit add up to a single process of regional decision making, it is important to understand the distinctions and contrasts among each of the cases.

An important dividing line between these different institutional arrangements is whether the question of regional development is implicit or explicit in the institution’s design. In the case of the Act 51 road funding law, the evidence makes clear that a particular vision of metropolitan development drove the law’s defining feature of redistribution of wealth from the developed city to the suburban fringe. But the formal mechanism guiding road funding and development was a statewide funding formula between the state government on the one hand, and city and county governments on the other. The text of the law makes no mention of metropolitan Detroit, and Act 51 did not announce itself as a regional institution. Its regional design and impact was implicit, rather than explicit.

Similarly, metropolitan Detroit’s desire for a system of local government more conducive to peripheral development drove the overhaul of the state’s constitution. Chapter 4 made clear that the question of metropolitan governance suffused the constitutional convention’s debate on the structure of local government. But the state

constitution itself does not formally or explicitly operate as a regional institution. The regional logic is implicit in the way local government capacity is defined and distributed in the metropolis. It is no less powerful a determinant of regional outcomes, but it takes some digging to recognize the regional nature of the institution.

Contrast these two implicitly regional institutions with the explicitly regional water and transit agencies. The water department, while technically a department of city government, is widely understood and recognized as a regional agency. It is singled out in state law, where the nature of its intra-regional operation is prescribed, and even for a time in the 1960's was called the Detroit Metropolitan Water Department. The Southeast Michigan Transportation Authority, of course, announced its regional purview in the name of the agency and was specifically invented as an institution to handle regional transit issues.

In these explicitly regional institutions, politicians directly and repeatedly fought battles over dividing the costs and benefits of regional development. The debates over water system expansion and water pricing and the fight over transit consolidation and investment all centered on the questions of winners and losers among different constituencies of the region. The systems of road funding and local governance, on the other hand, did not excite the same intra-regional debate once they were in operation. The framers of Act 51 in 1951, and the state constitution in 1962-63, understood their tasks as defining a regional future. But once those institutions were in place, the institutions ceased to be a focal point for regional political debate. They operated for the most part under the radar.

This distinction may ultimately argue for a counter-intuitive approach to creating politically sustainable regional institutions. The implicitly regional institutions proved no less capable of shaping the regional future than did those that formally announced themselves as the home of regional policy making. But precisely because the explicitly regional institutions were understood by the public and politicians to be setting regional policy on an ongoing basis, the decisions and actions of those agencies were a subject of constant debate and acrimony. It doesn't matter how many times the courts rule that Detroit is not overcharging its suburbs for water, those lawsuits continue to be filed by suburban politicians. The road funding and local governance systems in metropolitan Detroit, however, while subject to occasional controversy and policy debates, have operated in a less contentious metropolitan political environment, certainly not immune from metropolitan political concerns, but less obsessed with them on an ongoing basis. Implementing a regional policy, usually understood to require the creation and strengthening of a regional agency, may in fact be best served by the kind of institution that shapes regional development without creating an obvious target on which intra-regional factions can focus their aim.

The other distinction that separates these regional institutions from one another is the well-documented question of "equity" regionalism versus "growth" regionalism. Among these cases, the systems for roads, water, and local government each operated in the service of regional expansion and growth. The metropolitan political community saw a need to extend these services, whether a physical commodity like roads or water, or an organizational one like taxing and zoning authority, to a wider metropolitan expanse, understanding the physical extension of these services to equal, or at least be necessary

to, regional economic growth. In fact, there was nothing inherent in the substance of these issues that precluded them from being treated as instruments of regional equity. A different formula for gas tax redistribution, a different allocation of local government power, and a different set of water pricing mandates could have made these institutions mechanisms of regional equity.

The transit system, however, was different. By the 1970s, mass transit was not exclusively, but primarily, a service for the metropolitan area's less well off. This was true for at least two reasons. First, decades of policy geared towards the support of personal automotive transportation had made that the dominant way of getting around for those who could afford it. And the segregation of metropolitan Detroit along racial and economic lines meant that the region's lower-class blacks occupied the metropolitan core where the land use pattern was most conducive to transit. To support the region's transit needs was to support, in large part, the needs of the region's poorer residents living in the City of Detroit.

The parallel cases of the water and transit systems in the 1970s provide an excellent opportunity to compare growth and equity regionalism operating in an identical environment. The obvious question is: how did the region reach consensus on expanding the water system while reaching the opposite conclusion on expanding the transit system? Put another way, why did Coleman Young accommodate the region on water policy and at the same time and in the same context prove so recalcitrant on the transit issue?

Three factors might explain this. First, Chapter 3 argued that Young acquiesced in an expansive water policy because his interest in downtown development and staving off municipal bankruptcy required that he not unduly alienate the region's business and

political leadership. If this were true, one could argue, then why didn't that same dynamic force an accommodation on the transit issue? The answer is that the region simply did not have as urgent a desire for a modern transit system as it did for an expanding water system. It is entirely possible that Young, widely renowned even by his opponents for his political savvy, accurately foresaw the fact that to stand in the way of regional growth with a restrictive water policy would doom his development ambitions for the city. Driving a harder bargain on transit, a service far less popular across the region than water, would not have the same consequences. And as Chapter 3 noted, even within the confines of his own city Young was viewed as far more interested in development than equity.

In other words, what made an accommodation possible on water that was not possible on transit was the fact that water, as a tool for growth, promised a bigger regional pie from which to divide the spoils. Transit, notwithstanding the infusion of federal money, was fundamentally a burden, an exercise in dividing costs rather than benefits.

It is also the case that Young was in a very different bargaining position in his control of the relevant regional assets. By the time he was elected mayor, the regional water system was nearing the end of its massive expansion in production capacity, exemplified by the Lake Huron intake and treatment facility. The region's transit assets, on the other hand, were overwhelmingly parked in the city's bus garages and standing at its bus stops. With 90% of the region's transit ridership living in the city, Young held the keys not only to most of the region's buses, but to most of the state and federal transit

subsidy that flowed according to ridership. He was in a much stronger position to demand a deal favorable to the city on transit than he was with the water system.

### **State Government**

Though there are important distinctions among these cases, it is ultimately the threads that are common among them that provide for a new narrative of regional planning in the American metropolis. The first commonality that leaps out from each of the previous chapters is the central, ongoing role played by the Michigan state government in determining the form of metropolitan Detroit's development. It is well-established that "local government is a creature of the state"<sup>1</sup> in the American system, and that any change to the rules of the game in metropolitan planning and development must be legislatively enacted. But in the history of the Detroit region, the state plays a much greater and more precise role in the metropolitan planning process than simply putting in place a set of ground rules. In many ways, the state *was* the regional government for metropolitan Detroit, and therefore merits close scrutiny.

Under the conventional understanding of state-local relations, the various sub-state levels of government—cities, counties, special-purpose districts, etc.—make policy for their jurisdiction within a set of general rules established for them by the state government when it grants them authority. The rules precede the policy. They establish certain boundaries within which a local government may act. In metropolitan Detroit in the period under study, this relationship was turned on its head. The state made rules, and re-made them, and rescinded them, and refined them over and over again in pursuit of a particular policy. The policy preceded the rules, and the rules only existed to the extent that they furthered the policy.



In the case of roads, the policy was: make more room for cars and trucks; decentralize the metropolis to free up the arteries of commerce. The City of Detroit embraced this policy, because its leaders imagined it would make their city attractive for industrial re-investment. The suburbs embraced this policy because it would provide the infrastructure for their development. As Chapter 2 recounted, powerful interests from outside the region—the national highway lobby—initiated and organized this policy because it suited their commercial interests. Once that metropolitan consensus was in place, to further a metropolitan-scale policy of decentralization, the state created Act 51 to implement the policy. There is no understanding the growth of road construction in the Detroit region in the postwar period without understanding Act 51, and no understanding Act 51 without understanding the metropolitan-scale political process that went into its creation.

In the case of the water and transit systems, entire sections of state law were and are specifically directed at implementing policy in metropolitan Detroit. The statute on water service refers generically to cities of a certain population, when the City of Detroit is the only one in the state remotely close to that threshold. When Detroit's suburbs became concerned about the pricing policies of the city water department, that section was rewritten to impose a new set of constraints on the operation of the regional water utility. The statute on transit authorities, meanwhile, creates one set of rules for every other place in the state, then in separate sections refers to "the Southeastern Michigan transit authority," with its own set of rules for how the authority should be governed and what constraints it operates under. The legislature even went so far as to dictate the modes of mass transit that could be used in the Detroit region.

And as Chapter 4 made clear, the very architecture of local government in the region grew out of the Detroit metropolitan area's need to break free of the strictures of a system designed for a place neatly divided among rural counties and urban cities. The state constitutional convention redesigned that system in response to metropolitan Detroit's requirement that it do so, and according to the region's preferences. The state legislature and state courts then refined and tweaked that system according to very specific metropolitan needs. To implement the policy of building Interstate 696 along a certain route, the state rewrote the rules governing local government power.

In a practical sense, then, metropolitan Detroit did not and does not lack a regional government. If, by regional government, we mean an institution in which the region's citizens express their political will, and where that will is translated into regional policy, then the state government is that institution. The State of Michigan in this account did far more than simply set down a few basic ground rules under which municipal governments could bargain among themselves, or under which a regional agency could formulate policy; the state in fact was the forum for regional policy making, the primary institution in determining and implementing regional policy. That policy may have been formally implemented through a wide array of local and regional institutional arrangements, but the behavior of those formal institutions was so constrained and guided on an ongoing basis by the state, that we must view the state as the de facto policy maker.

The obvious retort to this conclusion is: how can the state government be the regional government if it makes policy for, and includes the representation of, the population of the rest of the state as well? The answer is two-fold. First, the Michigan

state government had no difficulty making and implementing policy directed only at the Detroit region, as the chapters describing the water and transit systems made clear. Second, the fact that state government included the representation of those from outside the Detroit region did not limit its ability or tendency to determine policy for the region. The regional governance executed by the State of Michigan included the input of those from outside the region as well as those from within (as will be discussed below), but this in no way changes the fact that it was the state that debated, determined, and implemented regional policy.

The state government in many ways fulfilled every regional reformer's dream for the structure of a metropolitan government. It had all of the power and authority necessary to regulate land use, collect taxes, seize property, build infrastructure, and do anything else necessary for the governance and planning of a metropolitan region. It exercised all of these powers at one time or another in the interest of implementing policy specific to the Detroit region. From the mid-1960s onward, it represented the residents of the region on a one-person, one-vote basis.

### **Regional Actors**

The state government during this period served in a very real sense as the regional government, but it was far from the only forum for regional policy making. It provided a venue for the expression of the metropolitan political will. But the formation of that will—the nitty gritty of political organizing, lobbying public opinion, forming coalitions and negotiating the direction the region should take—occurred primarily outside the legislature, in the interactions among a roster of political actors that appear over and over again in the preceding chapters. Though any such list risks oversimplification, there were

basically five different parties or sets of interests that made regional planning policy in metropolitan Detroit in the postwar period: the regional business community, Detroit's political leaders, their suburban counterparts, and the state and federal governments.

The metropolitan business community was at the center of every episode of regional institution building chronicled here, as both facilitator and advocate. In the especially telling case of the metropolitan water system, the Greater Detroit Board of Commerce (GDBC) led the successful fight to levy a tax to pay for the construction of a new system separate from the city's. When the business community was persuaded that a unified regional system under the city's control was the preferred policy, the GDBC rapidly changed course, argued against the policy it had only months earlier advocated, funded studies to support its new position, and before long the region's water policy followed.

The business community was unique among the major actors in the regional planning process in two respects: it had a truly regional scope in its understanding of the issues and the positions it advocated, and it had the resources to always be at the center of the research and analysis that are key parts of the policy process.

Whether the matter under discussion was water, or roads, or transit, or the very structure of local government, the metropolitan debate always revolved to a greater or lesser extent around the relative advantage to be reaped by city versus suburb. But the business community generally transcended this divide, most likely because as a matter of commerce and economics, the region is the functional unit of analysis much more so than individual municipal jurisdictions. Various elected leaders could pay lip service to the notion of regional betterment, but in the end they were responsible only for the welfare of

their own piece of it. For them, regional policy was a means to the end of serving a narrower interest. For the business community, however, self-interest and regional policy more closely coincided.

This should not be construed to mean, obviously, that the business community's definition of the best regional planning policy was concurrent with some single regional interest in which every resident was better off. But it did mean that business leaders were in a unique position to play the honest broker in regional deliberations, and that with their concern for economic development, their arguments carried special weight.

Though those arguments were frequently in favor of the outward expansion of the metropolis that, in retrospect, did considerable damage to the central city, the business community came down on both sides of the city/suburb divide in regional planning debates. Clearly, the GDBC (now the Detroit Regional Chamber) was the decisive factor in the city maintaining control of the regional water system. It also seems entirely likely that the city's maintaining control of that system, amid suburban calls for the "regionalization" of its formal control, is dependent in large part on the fact that the business community has not joined that call. Detroit Renaissance played a vital role in securing for the city the People Mover system that to this day sticks in the craw of suburban political leaders, but the auto industry also knowingly built a road funding mechanism designed to transfer infrastructural investment from the city to the suburbs.

The business community's natural interest in the details of regional planning, combined with the considerable resources at its disposal, made it the default provider of detailed regional policy analysis to regional politicians. The GDBC-funded study of regional water needs pointed toward a unified city-run system. The highway lobby-

funded study of Michigan's roads was essentially codified as law in Act 51. Without auto company president George Romney's Citizens For Michigan collecting petition signatures, there would have been no state constitutional convention in 1961. The Metropolitan Fund's research into transit provided the basis for creating SEMTA later that decade.

The involvement of the business community in regional policy making took on many forms, and in fact the term "business community" implies a uniformity that oversimplifies the reality. In the writing of Act 51, the business community was really a national highway lobby, pursuing the same agenda in several states across the country. The central role of the Detroit-based auto industry certainly gave that lobby an especially welcome reception in Michigan, but it was still a nationally-organized phenomenon. In the establishment of the regional water system, and the founding of SEMTA, it was the more broadly defined business leadership of the region, featuring the heads of the major retailer, utilities, and banks that one would find in any metropolitan area, that led the way. Even Detroit Renaissance, while headed by the auto industry's Henry Ford II and oil magnate Max Fisher, fought for downtown Detroit as much for the sake of those individuals' personal interests in the city's revival as for any particular auto industry agenda.

The City of Detroit's political leadership was also a diverse quantity during this time period. Between 1950 and 1990, the office of the mayor was occupied by figures as diverse as Albert Cobo, a Republican best known for embracing urban renewal with no apologies for the displacement it imposed on his black constituents; Jerome Cavanagh, a

young can-do liberal celebrated as the next John Kennedy until the 1967 riots tarnished his image; and Coleman Young, the city's first black mayor and its combative defender in a region sharply divided along racial lines.

The city-suburban fault line, however, developed long before Young took office, and in the context of regional planning debates, these diverse mayors' actions were far more similar than different. For Detroit mayors throughout the postwar period, their central goal in regional planning debates was rescuing their city from the crisis imposed by the migration of the region's wealth outside of the city's boundaries. As early as 1950, amid the deliberations over the road funding plan that would become Act 51, Cobo argued for a larger state program that would fund a bigger overhaul of his city's transportation network, and was opposed by his suburban neighbors, who viewed Detroit as a threat to their own development. As one suburban official put it in opposing Cobo's efforts, "Detroit has a champagne appetite and a beer income."<sup>2</sup> That exact same sentiment carried through 30 years later to Young's demands to build an underground light rail line in the city with the region's transit funds.

While Detroit mayors had to fight suburban resentment over the city's development, the reverse was not always true. At Cobo's urging, city representatives provided the crucial votes necessary to override a gubernatorial veto to implement Act 51. Cobo saw in the road building program a massive commitment towards the city's own needs, rather than the disproportionate benefit and infrastructural largesse it bestowed on the surrounding suburbs. Similarly, the Detroit water department under several mayors, including Young, consistently expanded outward the region's water infrastructure. For Detroit's political leadership, suburban growth was not always seen as

a threat, because suburban growth meant regional growth, and the city could benefit from being at the center of that growth. This argument only went so far, of course. Albert Cobo could not be expected to foresee just how devastated his city would become. By the time Coleman Young was mayor, the notion that the city automatically benefited from the region's growth came under careful scrutiny. Young did ultimately determine that his city benefited from growth in the water system it controlled, but would not benefit from turning over his city's transit operation to suburban control.

As a general rule, suburban political leaders under no circumstances viewed growth in the city as in any way beneficial to them. It was rather a subtraction from their own growth. In the 1960s debates over the structure of local government, no amount of argument for the efficiency of county home rule or regional government could sway suburban officials from seeking to maximize the authority delegated to individual suburban governments. To be in league with the city was, ipso facto, to be sharing something that should be hoarded: the governmental capacity to lure development. In the 1970s, the argument that suburbs would benefit from a transit system serving Detroit, because that system would make the region as a whole stronger, was persuasive for some regional political actors, but simply carried no water among suburban politicians. For suburban officials, the investment of a dollar in Detroit was an entry on the negative side of a ledger sheet that had to be more than balanced by an accompanying entry on the other side.

For Detroit's political leadership in this time period, the goal of regional planning policy was to secure for the city some fraction of the region's growth, which was primarily happening outside their city. For suburban leaders, the goal was to protect that



wealth from city encroachment. In their negotiations over the policies governing roads, water, municipal power, and transit, these two parties sought very different things from the regional policy making process. This did not preclude them from reaching agreement, however. The 1981 state legislation requiring the city to serve suburban water customers at cost was supported by city and suburb alike, and marked an accommodation that served both parties' interests. The city maintained its ties to the region's growth through its ownership of the water system, while the suburbs insulated themselves against an unacceptable level of city incursion into their wealth. On the transit issue decided at roughly the same time, no such accommodation was available. Though it took years of wrangling and acrimony, in the end the two parties came to the same conclusion: there was no joint endeavor for transit that would make them both better off. They, in effect, agreed to disagree; having reached the same conclusion, their refusal to cooperate on a unified system trumped whatever efforts and entreaties the other parties in the regional political process—the business community and the state and federal governments—were able to make.

The state government was more than simply the main forum for regional policy making during this period; it also brought to that process its own agenda, its own substantive contribution to the regional policy process. In accounting for the state's contribution to regional policy, we can divide it into three parts: legislative representatives from metro Detroit, representatives from elsewhere in the state, and officials with a statewide mandate, especially the governor and the justices of the state supreme court.

For the most part, metropolitan Detroit's representatives to state government did not bring anything to the regional policy making process over and above what has already been described for their counterparts in local government. They represented their communities' interests in Lansing, but did not fundamentally define those interests any differently than the corresponding local elected officials did. For example, the Detroit representatives that voted to override a gubernatorial veto to enact Act 51 were all Democrats, persuaded by their Republican mayor and a bipartisan city council to vote against the Democratic governor. In the 1981 legislation setting metropolitan water rate policy, suburban representatives from both sides of the aisle joined together to introduce the bill. Legislators from metropolitan Detroit played important roles in setting regional policy, but for our purposes they do not represent a distinct viewpoint in the negotiating process.

Out-state lawmakers, on the other hand, were a less predictable factor. They could, in effect, sit out the debate and go along with whatever metropolitan legislators agreed to, in which case the state legislature really did function as a regional legislature. When the matter at hand was relevant only to Detroit, out-state lawmakers did just this. The creation of SEMTA in 1967, the authorization of a tri-county transit tax in 1976, and the regulation of metropolitan water rates in 1981 were all accomplished by legislation affecting only the Detroit region, and out-state lawmakers did not stand in the way.

But the contents of the state constitution's article on local government were written in 1961 by a coalition of rural and suburban lawmakers who both had an interest in strengthening township governments and forestalling metropolitan consolidation. Similarly, the Act 51 road funding legislation that systematically redistributed revenue

from city to suburb was produced by a Good Roads Federation in which rural officials played a key role. So the non-metropolitan population of the state was very much a party to the formation of metropolitan policy.

Lastly in state government, there are the roles played by the governor and courts. They of course represent branches of government co-equal with the legislative, and are thus critical to determining the substance of the state's contribution to the politics of metropolitan planning. But they are less predictable in their actions than legislators who can be expected to vote according to the preferences of their district. There is no doubt, for example, that metropolitan Detroit came as close as it did to building a regional transit system because Governor Bill Milliken devoted an enormous amount of energy and political capital to that cause. There would be no reason, at first glance, to suspect a Traverse City Republican of having such inclinations. Similarly, the state supreme court's ruling that allowed the construction of I-696 to proceed happened to go in favor of the regional consensus. But the substance of the decision and the dissent make it clear that a different group of justices could have taken a very different stance.

State government, therefore, played a critical role in determining regional planning policy not only because it served as the function regional government, but because it invited to the regional policy making table the out-state lawmakers and statewide officials whose tendencies are hard to predict.

The federal government, meanwhile, played a more predictable role. In the two instances when federal actors were prominent players in setting regional planning policy—the national highway lobby's involvement in the road funding legislation, and UMTA's participation in the debate over a transit system—it played the role of regional

facilitator. At the farthest remove from the details of metropolitan politics, the federal actors, even more than the business community, viewed the region most clearly as a single functional entity, and used their contribution of external resources to push the various participants toward that view as well. In the case of roads, when there was a strong common interest from both city and suburb to build new roads, the federal effort was successful. In the case of transit, where the key parties in the region were dead set against a unification that they perceived as not in their interests, the federal government was unsuccessful. On the whole, however, the federal government was a relatively minor player in these stories. The substance of the region's planning ambitions came from within the region itself.

### **Regional Planning**

And that, in the end, is what these snippets of the history of one postwar American metropolis add up to: the story of that region planning its future based on its own internal politics. It is not the story of outdated colonial-era institutions standing in the way of a regional will that would otherwise have expressed a different vision. It is not the story of regional policy lacking an appropriate forum in which to be made. It is the story of political actors from within the region, negotiating with one another and acting formally when necessary through their state legislature, arguing and negotiating a collective direction for the future.

It is a story of regional politics, and the planning that grew out of those politics. In metropolitan Detroit in the postwar period, regional planning was not some mysterious phenomenon, like a spectacular and rare butterfly to be hunted down and studied, it was the product of everyday political interactions that occurred over a wide range of

institutional arrangements. Today's metropolitan Detroit was not "planned" in the sense that professionals with training in urban design produced a set of drawings that were assiduously followed by the region's builders. But there can be no doubt that, in the decisions they made on road funding, water provision, local government, and transit service, the political actors of the Detroit region intentionally and carefully instituted a set of policies with a very good idea of the outcomes that would result, at least in the short term. Decades' worth of these short-term decisions favoring a sprawling, balkanized metropolis accumulated over time into the reality we encounter today. This was not "regional planning" in the traditional sense, but nor was it mere happenstance. The region's political leaders designed institutions and instituted policies over a wide range of issues that together guided the region's development toward the place it finds itself in today.

This history argues for a different approach to contemporary inquiries into how to fix metropolitan America. So many contemporary analysts, whether motivated by social, environmental, or aesthetic concerns, look at the sprawling American metropolis and assume that the resulting socioeconomic segregation, polluting traffic congestion, and banal, cookie-cutter architecture must be the result of some sort of policy failure, a short-circuit in the governing process. Surely, this reasoning goes, this objectionable situation is the result of a procedural flaw of some sort. If we fix that flaw, whether it be insufficient inter-governmental cooperation or the lack of powerful regional governments, then we can fix the problems. Just look at Portland!

Metropolitan Detroit's history presents a difficult fact, however. Just as much as Portland or any other place, metropolitan Detroit planned its regional institutions and

policies to accomplish the reality that we see today. No one, of course, could foresee precisely how each of these policies would play out, and the region's overall welfare has a great deal to do with national and international economic trends beyond the region's control. But the historical fact remains, the policies that led to metropolitan Detroit's development along the lines we see today, and those that continue to guide its development, are the product of an intentional regional policy-making process. It may be a difficult process to follow because it does not all happen in one building labeled "The Regional Government," but the previous chapters have demonstrated that it nevertheless is a process of knowingly negotiating a metropolitan will and intentionally enacting it as policy.

So when we look at the systems of governance and planning in the metropolis, instead of seeing an accidental, broken system that fails to take the region's needs into account, this case implies that we should in fact see in those institutions a reflection of the metropolitan will. The institutional landscape of exclusively zoning municipal governments and infrastructure-spreading regional authorities should be read as a record of decisions that have been made to build a certain kind of metropolis. To attack the mechanisms of decision making in metropolitan America is, this case suggests, to treat the symptoms as if they were the disease. Treating symptoms is by no means a waste of time, but it should not be mistaken as treating the underlying disease, which in the case of Detroit's metropolitan ills is a longstanding metropolitan political will that embraces balkanization.

It is important to recognize that by "metropolitan political will," I am not suggesting a unitary or monolithic mandate. It is not the case that the key regional

political actors itemized above all shared a common vision of regional development and came together to enact it. And it is certainly not the case that those actors fully represented every population and viewpoint in the metropolis. Instead, by political will, I mean the aggregation over time of the myriad of political preferences existing in the metropolis, and especially those that had the political power to be amply represented at the bargaining table in the state capitol or at a regional negotiating session.

In short, metropolitan political will refers only to that set of preferences that advocates of new regional institutions claim would be captured in those institutions. As the introduction argued, the promise of regional reform is that it will capture a political preference that up till now has been unable to be voiced because of the lack of the appropriate regional governance mechanism. This case amply documents the fact that metropolitan Detroit's development happened not because of the lack of regional policy or institutions, but because of them. In a process very much akin to the regime politics described by Clarence Stone, a regional regime consisting of a small number of frequently antagonistic parties negotiated over time the path of regional development. As in Stone's Atlanta, that regime was neither perfectly representative of all of the affected citizens, nor did it consist of a singular set of political preferences. But nor were its participants completely devoid of political support. An ongoing process of negotiations and deliberations among a recurring cast of characters motivated and determined regional policy, and therefore constituted what I have termed the metropolitan political will.

That will presented itself time and again and was realized as policy across the whole gamut of institutional arrangements. No matter what the particular governing mechanisms were, and these cases covered a wide range, they each in the end served the

goal of a certain vision of the metropolis: sprawling and divided. That metropolitan will, in Detroit or any other place, is by no means unchanging or immutable or structurally impregnable. But nor is it a fleeting phenomenon or historical accident. This case suggests that the difficult job of changing the substance of that metropolitan will—not just organizing a latent majority, but creating a sea change in the public’s aggregate preference for metropolitan development—is what it would take to fundamentally alter the “regional plan.”

### **Moving forward**

If, as this history argues, the contemporary institutions of planning a metropolitan region are best understood as a reflection of the region’s preferences, then where might change occur? This history argues for a simple, if difficult, approach: change policies, not institutions.

Take, for example, the system of funding local road construction and maintenance in metropolitan Detroit. If a majority of metropolitan Detroit’s citizens want to stop the paving over of the countryside with new subdivisions, the means to make that change is already at hand: Act 51. Amending just a few sentences of that existing state law would redirect millions of dollars away from peripheral development. In fact, Governor Jennifer Granholm has attempted this very strategy with state highway funding. Her “Fix It First” policy attempts to direct spending toward the repair of existing highways in already developed areas, rather than toward the construction of new, peripheral capacity.<sup>3</sup>

This policy could easily be incorporated in metropolitan street funding with a one-sentence amendment to Act 51. It might read, “funds disbursed under this act must be



spent by local governments on the repair and restoration of existing traffic facilities at their present capacities, and may not be used for the paving of new roads, the addition of new lanes, or the widening of intersections.” One sentence in an existing piece of legislation is “all” it would take. The task for regional reformers and anti-sprawl advocates, this case argues, is to do the hard work of political education and organizing to create a majority of metropolitan Detroit residents (and their counterparts in the state’s other cities) in favor of such legislation. The political challenge is considerable, but finding the institutional mechanism to implement the change is not.

Similarly, a metropolitan majority opposed to continued expansion of the regional water system could reign in that bureaucracy through the oversight of the system that already exists in state legislation. A metropolitan majority in favor of a new, unified transit service could, as leaders in the Grand Rapids area did in 2005, succeed in having the state law governing transit authorities amended to allow the collection of a local transit tax.<sup>4</sup> A metropolitan majority interested in less parochial local governance could lobby to rescind the amendment that first limited county government’s home rule powers in the 1960s.

In all of these examples, the threshold question is: does the metropolitan majority in favor of the policy change exist? The task of regional planning reformers is to mobilize this majority if it does in fact exist and direct it toward the relevant policy. If that policy requires a new regional institution of one kind or another in order to take hold, then so be it. But there are clearly many examples where the mechanism to effect regional policy is already in place; it’s just that the mechanism is directing policy in a direction with which reformers disagree.